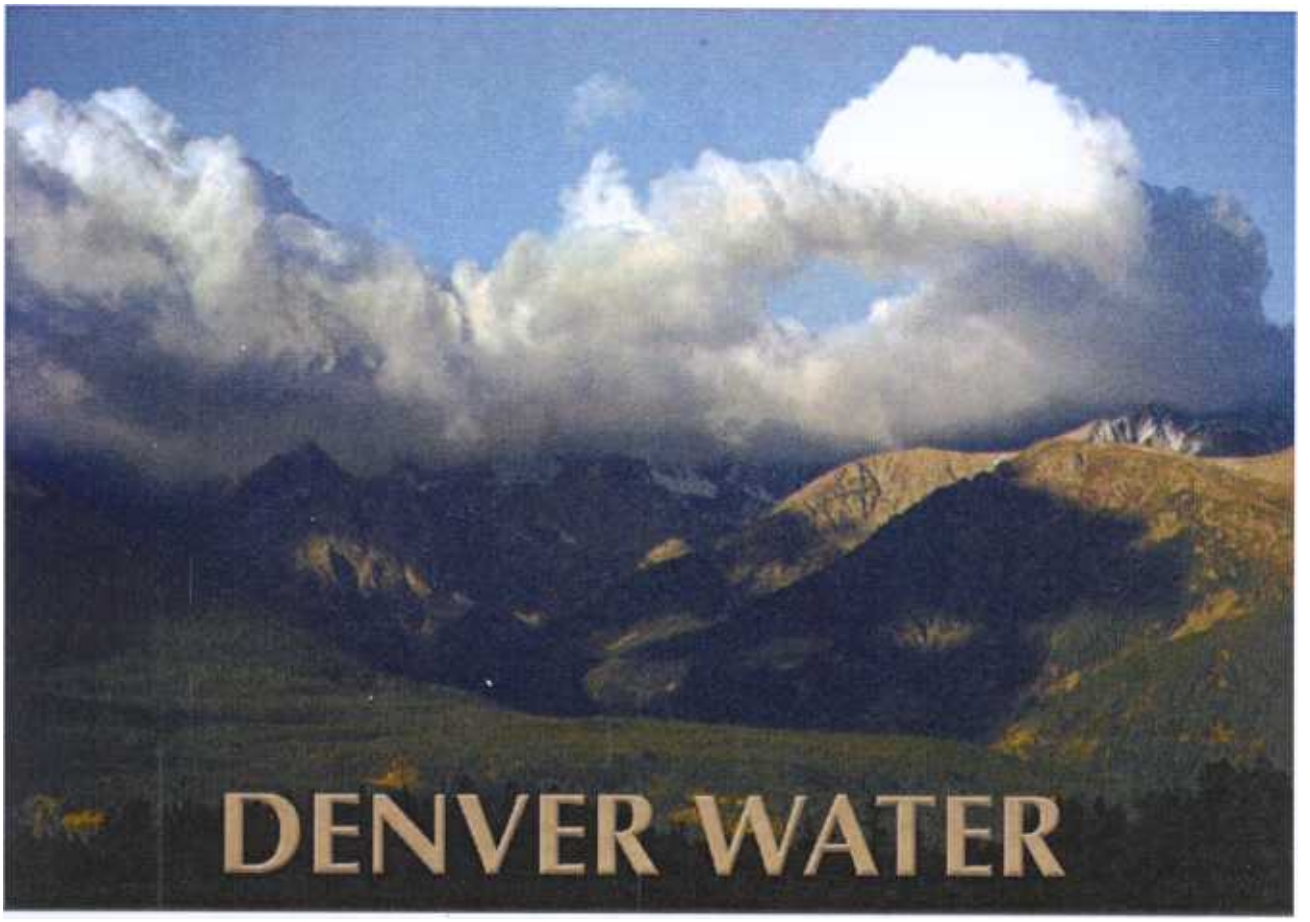

Comprehensive Annual Financial Report

For the year ended December 31, 2001
Denver, Colorado

DENVER WATER

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

DENVER WATER
Comprehensive Annual Financial Report

DENVER WATER

For the year ended December 31, 2001
Denver, Colorado

Prepared by the Accounting Section of the Finance Division

The City and County of Denver has determined under Governmental Accounting Standards Board Statement No. 14 that its relationship with Denver Water is such that Denver Water's financial statements should be included as a "Component Unit" in the City's Comprehensive Annual Financial Report. Under the Denver City Charter, Denver Water is a legally separate and distinct legal entity from the City and County of Denver and the City and County is not financially accountable for Denver Water.

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C - STATISTICAL SECTION (Continued)

DENVER WATER

May 1, 2002

To the Board of Water Commissioners and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report ("CAFR") of Denver Water for the year ended December 31, 2001.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with Denver Water. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of Denver Water. All disclosures necessary to enable the reader to gain an understanding of Denver Water's financial and operational activities have been included.

This report is presented in three sections as follows:

A. Introductory Section, which includes this transmittal letter, excerpts from the charter, organization chart, and list of principal officials.

B. Financial Section, which includes the financial statements, supplementary property and bond schedules, and the auditor's report on the financial statements and schedules.

C. Statistical Section, which includes selected operational and financial information, generally presented on a multi-year basis.

The Reporting Entity

The privately owned Denver City Water Company was organized in November 1870. It was merged into the Denver Union Water Company in October 1894, along with several smaller companies serving various parts of a growing Denver. In November 1918, the five-member governing board of the Denver Water Department purchased the company for the citizens of the City and County of Denver ("City"). The Denver Water Department was set up as an independent City water agency, with the philosophy that it would be operated as a business and remain separate from political influences.

Denver Water is governed by a five-member board appointed by the Mayor of the City for overlapping six-year terms. Denver Water has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area.

In accordance with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity," Denver Water would be classified as 1) an "other stand-alone government" since Denver Water is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for Denver Water, and 2) a "related organization" since the Mayor of the City appoints Denver Water's governing body, but is not financially accountable. The City elects to include Denver Water's financial statements in its general-purpose financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of Denver Water's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Mission of Denver Water is as follows:

> *Denver Water will provide our customers with high quality water and excellent service through responsible and creative stewardship of the assets we manage. We will do this with a productive and diverse work force. We will actively participate in and be a responsible member of the water community.*

The Year 2001 In Review

Warmer weather, normal precipitation, and an increased customer base all combined to create a high demand for water in 2001. This demand was slightly less than that of 2000, though both years represent periods of high water utilization.

The average temperature in the Denver area last year was 51.3 degrees, about one degree above normal. The total precipitation for 2001 was 16.93 inches, which is 0.35 inches above average.

Denver Water served a population of approximately 1,081,000 people with treated water in 2001, a customer-base increase of 1.6% over the previous year. The warm weather in Denver, in conjunction with population growth, resulted in customers using 81.1 billion gallons of treated water, second only to the record treated-water use of 83.6 billion gallons in 2000. Although annual consumption was high, the peak day usage was only 489 million gallons on July 2; there were also 28 days on which consumption exceeded 400 million gallons. By comparison, the all-time peak day usage was 553 million gallons in 1989.

This past year was also the first since 1993 in which Denver Water’s raw water reservoirs did not completely fill. The reservoirs reached 98 percent of capacity on June 30, and finished the year at 81 percent of capacity, which is slightly less than normal. Additionally, 2001 was the first year Denver Water used water from its account in Wolford Mountain Reservoir. Because of the dryness in 2001, Denver Water was required to repay the Bureau of Reclamation for water diverted at Dillon Reservoir that was needed to fill Reclamation's Green Mountain Reservoir. Denver Water used Wolford water to repay a portion of its obligation to Reclamation.

Employment and Customer Statistics

Over the past 10 years, the number of Denver Water employees has decreased from 1,039 in 1991 to 1,026 at the end of 2001, a decrease of 13 (1 percent). Meanwhile, the average number of treated-water customer accounts rose from 254,937 in 1991 to 282,509 at the end of 2001, an 11 percent increase. There were 485 employees with 15 or more years of service. Twenty-one employees retired during the

year after contributing a combined total of 616 years to Denver Water. Denver Water continued to experience a comparatively low turnover rate of 7.1% including deaths and retirements in 2001.

Capital Construction

Capital projects consumed the largest share of Denver Water's budget, staff time, and focus in 2001. When complete, these projects will improve water quality and production efficiency, expand system capacity, and ensure the utility's ability to comply with federal, state, and local regulations. They include:

- Recycled Water Project. On May 14th, Denver Water broke ground on its Recycled Water Plant, the first phase of a two-phase construction effort. When this first phase is complete, the plant will produce 30 million gallons of recycled water a day for use by outdoor irrigation and industrial customers mainly in the northeast section of Denver. The projected cost of the first phase of this project is $71.4 million, of which Denver Water spent $14.6 million in 2001 and $18.1 million to date in 2002. The plant is scheduled to open in the spring of 2004.

- Marston Treatment Plant Upgrade. Denver Water is in the process of making significant upgrades and improvements at the Marston Treatment Plant to improve water quality and production efficiency and to increase treatment capacity. The total projected cost for this effort is $38.9 million, of which $10 million was spent in 2001. The upgrade project is scheduled for completion May of 2003.

- Foothills Treatment Plant Disinfection Clear Water Basin Construction. The two-year effort to construct disinfection improvements and a clear water basin at the Foothills Treatment Plant will help Denver Water comply with water quality regulations and provide additional water-storage capacity. This year saw several improvements to the plant, including the addition of a 25-million gallon storage reservoir. The projected cost for this project is $30.4 million, of which $15.5 million was spent in 2001. The work is scheduled to be completed in June of 2002.

- City Ditch-Related Construction. The City Ditch is a 19-mile, 140 year-old historic system that carries nonpotable, seasonally diverted water from the South Platte River to irrigation customers that include Washington Park and City Park. In February, the Colorado Department of Transportation informed Denver Water that an interstate-highway-improvement project would disrupt the supply of water in the ditch. Denver Water determined that the most efficient supply for its Ditch customers was the Recycled Water Plant. Rather than rebuild the ditch, Denver Water began building a temporary water supply line and a declorination station to serve Ditch customers with treated water until water from the Recycled Water Plant becomes available. The work will continue in 2002.

System Capacity Expansion

Denver Water did a number of things in 2001 to increase the current and future capacity of its water-delivery systems, including:

- Gravel Pit Purchase. Under a cooperative arrangement with the South Adams County Water and Sanitation District, Denver Water added approximately 360 acre feet of replacement capacity to its system with the acquisition of the Brinkman-Woodward Gravel Pit. Used in conjunction with the Recycled Water Plant and for replacement of upstream depletions, this gravel pit and others in the area will help Denver Water manage its water supply more efficiently.

- Fulton Ditch Agreement. In March, Denver Water reached an agreement for use of the Fulton Ditch, a critical component of the utility's northern gravel pit reservoir complex. Once improvements to the ditch have been constructed, the ditch will divert water from the South Platte River to the gravel pits in an amount not to exceed 200,000 acre feet over ten years.

- Gross Reservoir Relicensing/Improvements. In March, Denver Water received a license from the Federal Energy Regulatory Commission (FERC) to continue operating the Gross Reservoir. Located in Boulder County, the reservoir can store as much as 42,000 acre-feet of water and has the potential to generate up to five megawatts of electricity. Denver Water spent approximately $244,000 on relicensing costs and reservoir improvements in 2001 and plans to construct a hydropower facility at the reservoir beginning in 2003.

- Reservoir-Related Acquisitions. Denver Water acquired approximately 4,650 acres surrounding the Antero and Eleven Mile Canyon Reservoirs in Park County as well as flowage easements across approximately 270 acres at the Antero Reservoir. These acquisitions will enable Denver Water to own or have easements for all the properties critical for reservoir operations. Denver Water also added approximately 60 acres to its holdings around the proposed Leyden Reservoir in Jefferson County to obtain the property necessary for possible future reservoir construction.

Continuing Conservation

Conservation is key to Denver Water's ability to provide water to its customers. In 2001, these efforts included:

- Recognizing Conservation Efforts. Denver Water's commercial/industrial incentive program rewards companies and organizations for reducing their water use. In December, Denver Water recognized the efforts of the Denver Zoo, which is saving more than 3.5 million gallons of water annually as a result of changes made to their filtration and disinfection processes. Denver Water awarded the Zoo $20,000 for its efforts, the maximum allowed under the program. This payment works out to less than $2,000 per acre-foot for the saved water; the open-market price for water is far higher. Not only is the Zoo using water more efficiently and lowering its bills, it is freeing up relatively low-cost water that can be used to supply future Denver Water customers without requiring new water-supply projects.

- Denver Parks System Irrigation Survey. To ensure the most efficient delivery of water to Denver-area parks, Denver Water has joined with the Denver Parks Department to evaluate the Department's irrigation systems. The goal of this cooperative study is to create system-replacement and critical-maintenance priorities and a capital-equipment plan necessary to support them. The study is scheduled for completion in June of 2002.

- Xeriscape Program. A significant part of Denver Water's conservation effort involves encouraging customers to Xeriscape, a method of landscaping that reduces the need to irrigate. Xeriscape can save from 20% to 60% of the water normally applied to a traditional Kentucky bluegrass landscape. In 2001, Denver Water's Xeriscape outreach efforts included an online "Xeriscape of the Week" contest that featured pictures of a different Xeriscape on Denver Water's Web page each week during the irrigation season. Records show the site had almost 60,000 "hits" from May through August.

- Watershed Protection. In the wake of two successive fires near its reservoirs, Denver Water continued contracting with the Colorado State Forest Service to manage forests on more than 57,000 acres of the utility's land. Because half of this acreage is not directly used in the operation of the Denver Water system, professional management assistance, including fire management and forest management, are critical to preserve water quality. For these reasons, Denver Water renewed its contract with the Colorado Forest Service in 2001.

Financial Diligence

Denver Water customers have some of the lowest water bills in the Front Range region. Through the use of long-range financial planning, water-rate increases often approximate the rate of inflation. In addition to forward-looking capital construction and capacity planning—as well as conservation efforts—wise financial stewardship plays an important role in keeping customer rates low. Four events highlighted the importance of that role in 2001:

- Annual Rate Adjustments. Consistent with its long-term financial plan, Denver Water raised its rates by 2.5%.

- General Obligation Bond Refunding. In July, Denver Water refinanced approximately $86.4 million of general obligation bonds; the low interest rate on the new bonds will save more than $5 million over their lifetime.

- Certificates of Participation. In August, Denver Water issued Certificates of Participation (COPs), an alternative instrument for financing capital construction. The issue included the refinancing of $17.9 million of existing COPs, which will save $2.7 million over the lifetime of the debt. It also included $21.5 million of new COPs associated with the financing of water treatment projects at the Marston and Moffat plants.

- Debt Repurchase Authorization. In December, the Denver Water board authorized the repurchase of up to $10 million of existing debt, as changing market conditions can sometimes make it more affordable to retire debt rather than making debt payments against it. Denver Water remains vigilant for these kinds of buying opportunities in 2002.

Increasing Operational Efficiencies

From water meters that can report usage automatically to Internet-based bill paying and supply bidding, technology is playing a pivotal role in boosting operational efficiencies at Denver Water. In 2001, these efforts included:

- Automated Meter Reading Project. Denver Water completed the first year of a five-year, $40.2 million effort to install automated water meters that can report usage via radio signals. These meters include those in residential neighborhoods as well as outdated large-capacity meters that can underreport water consumption. When complete, the project will eliminate approximately 40 meter-reading positions and track water usage more precisely. To date, approximately 30,000 of 200,000 automated meters have been installed.

- New Treated Water-Distribution Model. In November, Denver Water began work on a new computerized model of its water-distribution system. Building upon previous models, this new

model will include all distribution pipes in the Denver Water system, enabling it to use the model for water quality, system improvements, fire flow, and other purposes.

- Total Service Improvement Class. Many water districts outside the Denver city limits have limited resources with which to perform system maintenance and monitor water quality. Denver Water's new Total Service Improvement class enables these areas to contract with Denver Water to assume these responsibilities. The costs for system improvements in these areas are spread over multi-year periods through the use of customized surcharges, which mitigate their impact on customers in the affected areas. In May, the Cherry Hills Farm Metropolitan District became the first Total Service Improvement class customer.

- E-Billing System. Denver Water continued its efforts to encourage customers to receive and pay their water bills online. For every customer who does so, the utility saves approximately $.24 compared to the cost of sending and processing a paper-based bill. To date, 862 customers receive and pay their bills electronically; more than 5,000 additional customers receive paper-based bills and pay them electronically.

- Remote Payment Stations. To further assist customers in paying their bills, Denver Water maintains several remote payment stations across the City of Denver. In 2001, approximately 51,000 bills were paid at these sites, resulting in approximately $8.3 million in revenue.

- E-Bidding Pilot Project. As part of a three-month pilot project, Denver Water evaluated the feasibility of awarding supplier contracts through online bidding. Such a system has the potential to increase the efficiencies of the utility's supply-bidding processes and allow for integration of its computerized bidding and financial systems.

- Map Accuracy Improvements. Denver Water contracted for more than $2.5 million to upgrade the accuracy of its maps in 2001. These investments included a major upgrade to the utility's Geographic Information System (GIS), which electronically captures maps once stored on paper; the use of Global Positioning Satellite (GPS) data to improve map accuracy; and software-related improvements that will enable it to share GIS-based information with engineering design, operations personnel, and with other government agencies.

Legal Issues

Denver Water resolved several key legal issues in 2001, including:

- Conduit 94 Litigation Settlement. In 1997, Denver Water's Conduit 94 ruptured, creating extensive flooding in Denver's "furniture row" area. Investigations revealed a manufacturer's defect in the conduit pipe, necessitating the replacement of 2,300 feet of Conduit 94. In 1998, Denver Water's Conduit 55, manufactured by the same company, also ruptured and had to be replaced in its entirety. Seven years earlier, in 1991, the pipe manufacturer declared Chapter 7 bankruptcy. After more than four years of litigation, Denver Water received a payment of just over $5 million from the bankruptcy proceedings. To date, Denver Water has spent more than $11 million on replacements and claims associated with the two pipe-break incidents.

- Building #3 Construction. As part of a legal settlement with the United States Environmental Protection Agency, Denver Water agreed to construct a building at its Westside Complex. The

building contains a carpentry shop, paint shop, hazardous materials handling area, and maintenance shop with facilities that utilize environmentally friendly technologies. In addition, it houses a new car wash that uses recycled water in its operation. Begun in October of 2000, Denver Water completed the building in December 2001 at a total cost of $3.96 million.

- Small/Disadvantaged Business Enterprises Program. In 2000, a court ruling effectively ended Denver Water contracting programs that aided minority and women-owned businesses. In September 2001, Denver Water adopted a new contracting program intended to enhance the economic growth and potential for small or disadvantaged business enterprises and to assist such enterprises in competing for Denver Water construction, purchasing, and professional services contracts.

Public Safety Planning

The events of September 11 brought a sharp focus on security issues, especially those related to critical public infrastructures. Since then, Denver Water has worked and will continue to work with all appropriate agencies and decision makers to ensure the security of its water collection, storage, treatment, and delivery systems.

Financial Information

Discussion of Controls

Internal Control Structure. Management of Denver Water is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Denver Water are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls. In addition, although Denver Water is not legally required to adopt budgetary accounting and reporting and make appropriations for expenditures, it does maintain budgetary controls through a formal budget process, which involves:

- Maintaining a long-range plan for addition and replacement of water system facilities based on projected demands for water, which is updated annually and is used as a basis for projecting capital expenditures in the budget.

- Maintaining a long-range plan for operation and maintenance activities.

- Developing a long-range financial plan for issuance of debt and adjustment of water rates.

- Developing annual work plans by program (raw water, reuse, water treatment, delivery, and general plant), based on the long-range plan, for operation and maintenance activities and capital projects.

- Establishing cost control center budgets for labor, materials, and services for each of the projects or activities listed on the annual operation and maintenance and capital work plans, which are combined on a total entity basis.

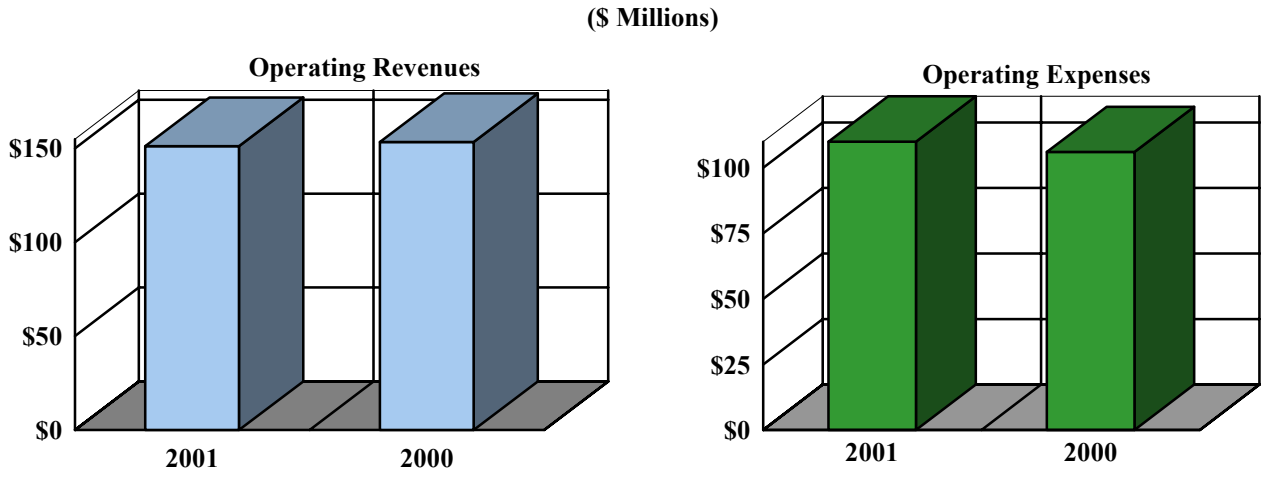
- Providing explanations for significant variances between budgeted and actual expenditures to the Board on a quarterly basis.

Discussion of 2001 Operating Results

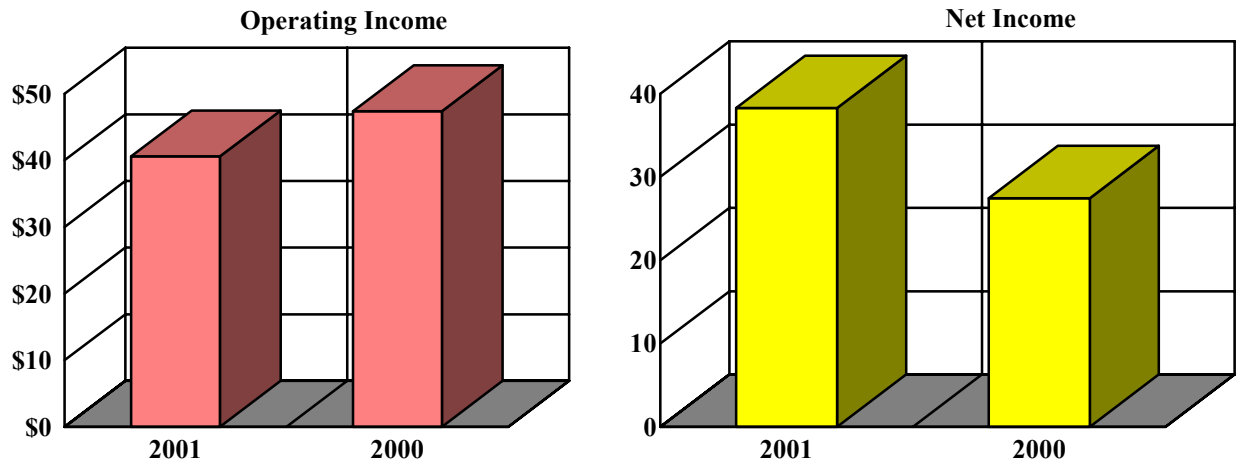
Summary operating results compared to last year are as follows (amounts expressed in thousands):

	2001	2000	Increase (Decrease)	Percent Change
Operating revenues	$ 151,198	$ 153,429	$ (2,231)	(1)%
Operating expenses	(110,618)	(106,066)	4,552	4%
Operating income	40,580	47,363	(6,783)	(14)%
Net nonoperating expenses	(2,323)	(19,927)	(17,604)	(88)%
Net income	$ 38,257	$ 27,436	$ 10,821	39%

(See Financial Section for more details and Statistical Section for ten-year trend data.)



($ Millions)



Operating revenues decreased primarily as a result of a 3% decrease in treated water consumption, offset by a rate increase effective January 1, 2001. ***Operating expenses*** increased as a result of general increases in labor, supply, service and maintenance costs. ***Net Nonoperating Expenses*** decreased primarily as a result of a $14.6 million write-off of obsolete engineering development costs in 2000 and receipt of a $5.1 million lawsuit settlement in 2001 for Conduit 94 and 55 breaks.

Additions to Property, Plant and Equipment

Capital additions for 2001 amounted to $104.7 million, which is $17.2 million or 20% more than the additions in 2000. Additions included $78.7 million for new facilities, $20.1 million for facility replacements and improvements, and $5.9 million for general equipment. See "Additions to Property, Plant and Equipment" in the Statistical Section for more details.

Pension Trust Fund Operations

Net assets available for plan benefits decreased $20,720,100 in 2001, after contributions, benefit payments and gains and losses on investments, to a total of $180.3 million as of December 31, 2001. There was an excess of assets over the actuarial liability at January 1, 2001 of $6.7 million or 14.3% of covered payroll. This compares to an excess of assets over liabilities of $6.0 million or 13.2% of covered payroll at January 1, 2000. The pension trust fund investment return was –5.96% for 2001. This return compares with a return of –11.89% for the Standard & Poor's 500 and 8.5% for the Lehman Government/Credit index. The annual actuarial valuation continues to reflect a well-funded plan. See Note 8 in the Financial Section for more details.

Debt Administration

During the year, Denver Water issued $86,385,000 of City and County of Denver general obligation ("GO") water refunding bonds in two series. Series 2001A in the amount of $11,215,000 was used to pay principal of bonds which matured during the year. Series 2001B in the amount of $75,170,000 was used to currently refund $49,045,000 and advance refund $28,945,000 of bonds that will mature from 2002 through 2009. At December 31, 2001, bonds totaling $208,140,000 were outstanding. Since Denver Water is committed to repay the bonds and related interest from its revenues, they are not included in any City debt limitations. At the time of sale, Denver Water received an AA+ rating from Standard & Poor's Rating Group, an AA+ rating from Fitch Ratings and an Aa1 rating from Moody's Investors Service, Inc. for the 2001 Series GO water refunding bonds issued in September. At year-end,

Denver Water had obligations totaling $67,885,000 under Certificates of Participation, and $31,429,000 Obligation Under Capital Leases. See Notes 4, 5, and 6 in the Financial Section for more details.

Disclosure Requirements

Certain information is being provided by Denver Water pursuant to various Continuing Disclosure Undertakings that have been executed by the Board in order that participating underwriters may comply with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission. The Government Finance Officers Association of the United States and Canada ("GFOA") recommends that these disclosures be contained in the CAFR. These disclosures made by Denver Water can be found on the following pages:

Audited Financial Statements	Section B - Financial Section
Total Outstanding Indebtedness	Section B - Notes 4, 5, 6, Exhibits II-A through D
Total Treated Water Delivery/Consumption	Page C-25
Number of Customer Accounts	Page C-49
Receipts and Expenditures	Page C-56, C-57
System Development Charges and Participation Fees	Page C-58

Cash Management

The principal objective of Denver Water's investment policy is safety while attaining an appropriate rate of return. At year-end, approximately 62% of the investments were held in US government and agency securities. The remaining investments were in commercial paper, rated A-1 or P-1 by Standard & Poor's or Moody's, investment grade corporate bonds and in money market mutual funds. All securities were classified as category one, the category of least custodial credit risk as defined by the Governmental Accounting Standards Board. Denver Water earned interest income of $8.0 million on the cash management portfolio investments for the year. The 12-month total return on the portfolio was 4.752%. See Note 3 in the Financial Section for more details.

Risk Management

The Board has a risk management program that includes self-insurance for liability, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The Board carries commercial property insurance for catastrophic losses, including floods and earthquakes, for five major facilities, and carries limited insurance for other miscellaneous locations. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Denver Water's liability is limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence. Denver Water has designated $7.5 million of its investments as available for claims covered by self-insurance. See Note 10 in the Financial Section for more details.

Other Information

Independent Audit

The City Charter requires an annual audit of the accounts of Denver Water by the City Auditor. The independent accounting firm of Arthur Andersen LLP was jointly selected by the City Auditor and Denver Water to conduct this audit for 2001. Arthur Andersen's report is included in the financial section of this report.

Awards

Comprehensive Annual Financial Report. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to Denver Water for its CAFR for the fiscal year ended December 31, 2000. This was the thirteenth consecutive year that Denver Water has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

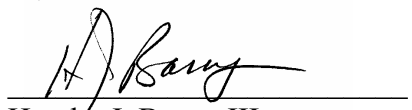
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Annual Budget. The GFOA presented an award for Distinguished Budget Presentation to Denver Water for its annual budget for the fiscal year beginning January 1, 2001. This is the ninth consecutive year Denver Water has received this award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

Acknowledgments

This report was prepared by the staff of Denver Water with the leadership and support of the Board of Water Commissioners.

Sincerely,



Hamlet J. Barry, III
Manager, Denver Water

David B. LaFrance
Director of Finance

(The Charter of the City and County of Denver, which can only be changed by a vote of the citizens of Denver, devotes pages 81 through 86 to the duties and responsibilities of the Board of Water Commissioners. Following are excerpts from these pages.)

"There shall be and hereby is continued and created a non-political Board of Water Commissioners of five members, to have complete charge and control of a water works system and plant for supplying the City and County of Denver and its inhabitants with water for all uses and purposes . . . .

"The Board shall have and exercise all the powers of the City and County of Denver including those granted by the Constitution and by the law of the State of Colorado and by the Charter in regard to purchasing, condemning and purchasing, acquiring, constructing, leasing, extending and adding to, maintaining, conducting and operating a water works system and plant for all uses and purposes, and everything necessary, pertaining or incidental thereto, including authority to dispose of real or personal property not useful for or required in the water works operation. The Board shall have authority to generate and dispose of electric energy for water works purposes or any other purpose of the City and County of Denver . . . . The Board shall have power in the name of the City and County of Denver to make and execute contracts, take and give instruments of conveyance, and do all other things necessary or incidental to the powers herein granted . . . . The Board shall institute and defend all litigation affecting its powers and duties or in relation to said water works system and plant and the property and rights connected therewith or incidental thereto . . . .

"There is hereby created a Water Works Fund into which shall be placed all revenues received from the operation of the water works system and plant together with all monies coming into said fund from other sources. All revenues of the Water Department shall daily be turned over to the Treasurer of the City and County of Denver who shall open and keep a separate account for said Water Works Fund and shall faithfully account for all monies received and disbursed on account thereof . . .

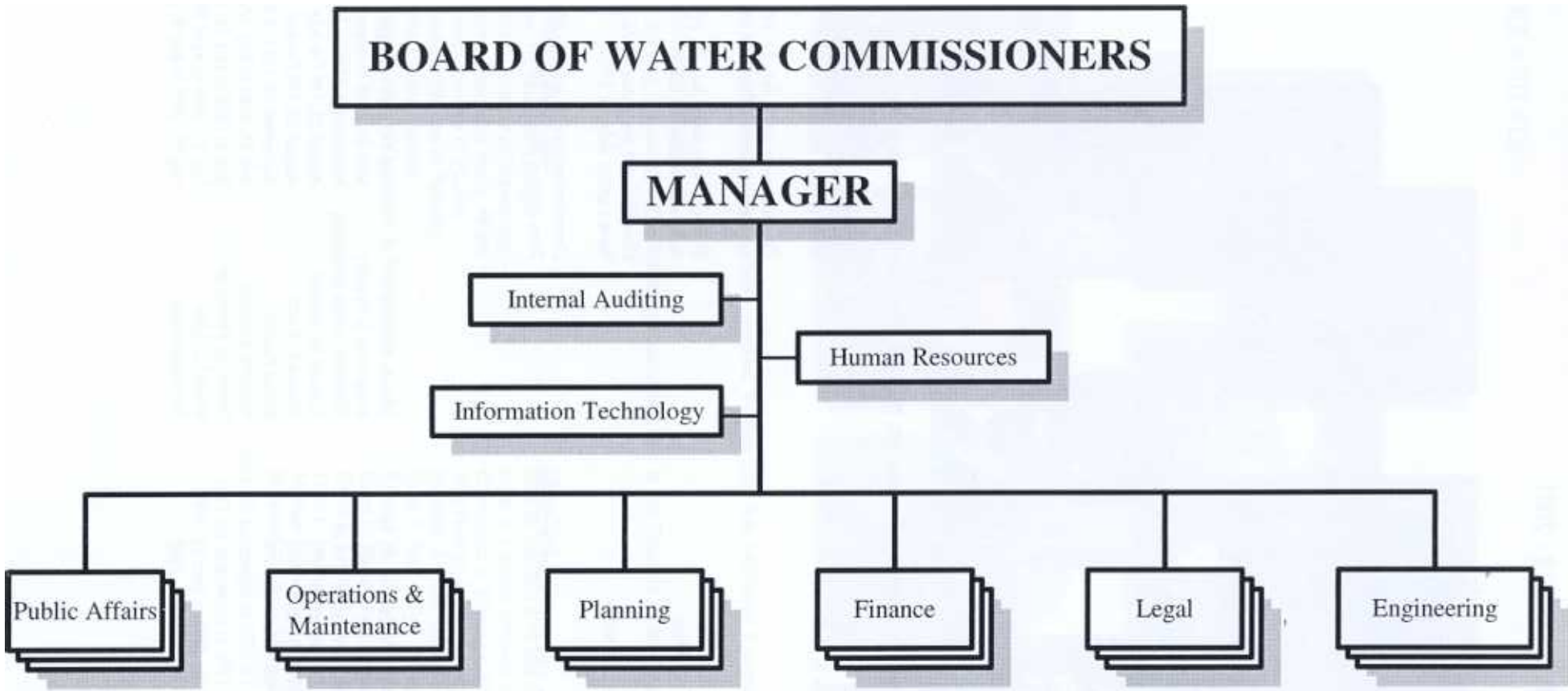
"The Board shall fix rates for which water shall be furnished for all purposes within the City and County of Denver, and rates shall be as low as good service will permit. Rates may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare . . . .

". . . Rates charged for water furnished for use inside the city limits of the City and County of Denver shall be uniform as far as practicable and so related to the service furnished or the volume of water used as to bring about a fair and equitable distribution among all water users of the total amount to be realized from revenues derived from the sale of water used within the City and County of Denver . . . .

"The Board shall have power to lease water and water rights for use outside the territorial limits of the City and County of Denver, but such leases shall provide for limitations of delivery of water to whatever extent may be necessary to enable the Board to provide an adequate supply of water to the people of Denver and provided, further, that every such lease shall contain terms to secure the payment into the Water Works Fund of sufficient money to fully reimburse the people of Denver for the cost of furnishing the water or water right which is the subject of such lease together with an additional amount to be determined by the Board . . . .

"Bonds, the proceeds of which shall be placed in the Water Works Fund and expended by the Board of Water Commissioners for water works purposes in the sole discretion of the Board, and secured by the general credit of the City and County of Denver and payable as to interest and principal from general ad valorem taxes which may be levied without limitation of rate or amount may be issued upon approval of the same class of electors as is provided for approval of issuance of other general obligation bonds of the City and County of Denver . . . ."

ORGANIZATION CHART - 2001



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·Survey
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·Distribution & Prop Mgt

BOARD OF WATER COMMISSIONERS - 2001





Top from left, Daniel E. Muse, Richard A. Kirk; Bottom from left, Denise S. Maes, William R. Roberts, Andrew D. Wallach

Daniel E. Muse, President
Attorney: Pendleton, Friedberg, Wilson & Hennessey
Commissioner since February 10, 2000; Term expires July 18, 2005.

Richard A. Kirk, First Vice President
Chairman, Richard A. Kirk & Associates
Commissioner since July 21, 1993; Term expires July 10, 2005.

Denise S. Maes,
Attorney: Kamlet, Shepherd, Reichert & Maes
Commissioner since July 10, 1995; Term expires July 10, 2007.

William R. Roberts, President
Marketing Director, Empire Construction Services
Commissioner since August 12, 1997; Term expires July 10, 2003.

Andrew D. Wallach
Director of Policy and Implementation, City and County of Denver
Commissioner since July 18, 2001; Term expires July 10, 2007.

LAST 20 COMMISSIONERS

Leonard M. Campbell	July 12, 1965 to December 10, 1970	John A. Yelenick	July 14, 1969 to August 25, 1987
Armand Asborno	July 14, 1970 to July 2, 1973	Marguerite S. Pugsley	May 10, 1978 to August 25, 1987
Andrew Horan, Jr.	July 12, 1965 to January 1, 1976	Elizabeth Adrian Hennessey	November 4, 1985 to July 28, 1989
Richard S. Shannon, Jr.	July 9, 1973 to April 18, 1977	Malcom M. Murray	August 25, 1987 to July 12, 1993
Don Friedman	April 27, 1977 to May 1, 1978	Donald L. Kortz	August 25, 1987 to July 12, 1993
William G. Temple	June 28, 1962 to July 13, 1978	Monte Pascoe	September 26, 1983 to July 10, 1995
Charles F. Brannan	December 14, 1970 to September 26, 1983	Romaine Pacheco	July 31, 1989 to July 10, 1995
James B. Kenney, Jr.	January 9, 1976 to September 26, 1983	Hubert A. Farbes, Jr.	July 8, 1985 to July 14, 1997
Charles G. Jordan	September 26, 1983 to June 28, 1985	Ronald L. Lehr	July 21, 1993 to April 20, 1999
D.Dale Shaffer	August 9, 1978 to July 8, 1985	Joe Shoemaker	July 10, 1995 to July 9, 2001

Top from left, Manager Barry, Diebel, Jordan; Bottom from left, LaFrance, Pokorney, Wells, Work

DISCRETIONARY PERSONNEL
(Employees Serving in Executive Discretionary Positions Soley at the Pleasure of the Board)

Manager and Administrative Staff
Hamlet J. Barry, III, Secretary-Manager
Jonathan L. Diebel, Director of Engineering
Charles G. Jordan, Director of Public Affairs
David B. LaFrance, Director of Finance
Edward E. Pokorney, Director of Planning
Patricia L. Wells, General Counsel
Stephen W. Work, Director of Operations & Maintenance

Other Staff
John H. Bambei, Jr., Chief of Engineering
Edith A. Carlson, Manager of Internal Auditing
Christopher R. Dermody, Manager of Information Technology
Sara Duncan, Intergovernmental Affairs Coordinator
Elizabeth J. Earle, Manager of Public Relations
Carla Y. Elam-Floyd, Manager of Human Resources
Kathryn M. Kempke, Manager of Treasury Operations
Kerry D. Kuykendoll, Manager of Rate Administration
David L. Little, Manager of Water Resource Planning
Trina L. McGuire, Manager of Media Relations
Michael L. Walker, Attorney
Rockford D. Wiley, Manager of General Planning

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Denver Water, Colorado

For its Comprehensive Annual Financial Report for the Fiscal Year Ended December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Honorable Donald J. Mares, Auditor,
and the Board of Water Commissioners
City and County of Denver, Colorado:

We have audited the accompanying balance sheets of the BOARD OF WATER COMMISSIONERS, CITY AND COUNTY OF DENVER, COLORADO ("the Board"), as of December 31, 2001 and 2000, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years then ended. These financial statements and the accompanying supplemental financial information are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Water Commissioners, City and County of Denver, Colorado, as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental financial information on pages B-25 through B-29 is presented for purposes of additional analysis and is not a required part of the Board's basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Denver, Colorado
March 15, 2002

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

BALANCE SHEETS
AS OF DECEMBER 31, 2001 AND 2000
(amounts expressed in thousands)

ASSETS	2001	2000
CURRENT ASSETS:		
Cash	$ 859	$ 585
Temporary cash investments, at fair value, including accrued interest (includes net surplus land sale receipts of $5,017 and $5,606, respectively)	141,678	151,863
Accounts receivable	18,525	14,801
Materials and supplies inventory, at weighted average cost	5,565	4,819
Total current assets	166,627	172,068
RESTRICTED INVESTMENTS	6,917	5,692
PROPERTY, PLANT AND EQUIPMENT:		
Utility plant	1,416,714	1,370,413
Nonutility plant	7,697	7,710
	1,424,411	1,378,123
Less accumulated depreciation and amortization	(364,865)	(344,546)
	1,059,546	1,033,577
Utility plant under capital lease, less accumulated amortization of $3,426 and $2,867, respectively	39,555	40,114
Construction in progress	121,104	71,177
Net property, plant and equipment	1,220,205	1,144,868
OTHER LONG-TERM ASSETS:		
Long-term investments	50,568	19,952
Deferred charges, less accumulated amortization of $162 and $146, respectively	2,961	2,435
Long-term receivable	3,880	4,382
Total assets	$1,451,158	$1,349,397

The accompanying notes are an integral part of these balance sheets.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

BALANCE SHEETS
AS OF DECEMBER 31, 2001 AND 2000
(amounts expressed in thousands)

LIABILITIES AND EQUITY	2001	2000
CURRENT LIABILITIES:		
Accounts payable	$ 8,241	$ 4,435
Accrued payroll, vacation and other employee benefits	10,571	11,509
Construction contracts (including retainages of $2,660 and $1,047, respectively)	7,843	5,190
Accrued interest on long-term debt	4,589	4,602
Current portion of bonds payable	11,610	12,000
Current portion of certificates of participation	4,260	3,005
Current portion of obligation under capital lease	893	836
Total current liabilities	48,007	41,577
LONG-TERM LIABILITIES:		
Bonds payable, net	198,716	198,967
Certificates of participation, net	62,864	43,444
Obligation under capital lease, net	30,536	31,429
Customer advances for construction	39,777	41,721
Accrued sick leave	5,153	5,031
Waste disposal closure and postclosure care	2,124	2,096
Total long-term liabilities	339,170	322,688
Total liabilities	387,177	364,265
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Contributed capital:		
Contributions in aid of construction	204,103	188,742
System development charges	309,680	293,242
Retained earnings (reinvested in utility plant and other assets)	550,198	503,148
Total equity	1,063,981	985,132
Total liabilities and equity	$1,451,158	$1,349,397

The accompanying notes are an integral part of these balance sheets.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
(amounts expressed in thousands)

	Years Ended December 31,	
	2001	2000
OPERATING REVENUES:		
Water	$145,565	$148,919
Power generation and other	5,633	4,510
Total operating revenues	151,198	153,429
OPERATING EXPENSES:		
Source of supply, pumping, treatment and distribution	43,756	42,857
General and administrative	35,500	32,499
Depreciation and amortization	24,247	23,912
Customer service	7,115	6,798
Total operating expenses	110,618	106,066
OPERATING INCOME	40,580	47,363
NONOPERATING REVENUES (EXPENSES):		
Investment income	8,665	9,838
Interest expense, less capitalized interest of $1,702 and $710, respectively	(13,811)	(16,249)
Gain (loss) on disposition of property, plant and equipment	(2,410)	127
Loss on write-off of deferred charges	-	(14,638)
Other income, net	5,233	995
Net nonoperating expenses	(2,323)	(19,927)
NET INCOME	38,257	27,436
Add current year's depreciation expense on utility plant acquired through contributions in aid of construction and system development charges	8,793	8,167
Increase in retained earnings	47,050	35,603
RETAINED EARNINGS (REINVESTED IN UTILITY PLANT AND OTHER ASSETS):		
Beginning of year	503,148	467,545
End of year	$550,198	$503,148

The accompanying notes are an integral
part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
(amounts expressed in thousands)

	Years Ended December 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	$147,976	$153,427
Payments to suppliers	(21,838)	(21,011)
Payments to employees	(60,584)	(57,145)
Other receipts (payments)	4,832	706
Net cash provided by operating activities	70,386	75,977
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from contributions in aid of construction and customer advances for construction	11,067	7,901
Proceeds from system development charges	22,420	25,257
Proceeds from sales of property, plant and equipment	543	1,612
Proceeds from long-term bonds, plus premium, less discount	11,485	12,676
Proceeds from certificates of participation, plus premium	21,593	-
Acquisition of property, plant and equipment	(95,565)	(79,040)
Principal payments for long-term bonds	(12,000)	(14,750)
Principal payments for certificates of participation	(3,005)	(2,870)
Principal payments for capital lease obligations	(836)	(782)
Interest paid	(15,367)	(16,376)
Net cash used for capital and related financing activities	(59,665)	(66,372)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	413,667	421,796
Interest received from investments	10,377	9,441
Purchase of investments	(434,491)	(440,359)
Net cash used for investing activities	(10,447)	(9,122)
NET INCREASE IN CASH	274	483
CASH, AT BEGINNING OF YEAR	585	102
CASH, AT END OF YEAR	$ 859	$ 585

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

STATEMENTS OF CASH FLOWS
(amounts expressed in thousands)

	Years Ended December 31, 2001	2000
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$40,580	$47,363
Adjustments to reconcile operating income to net cash provided by operating activities-		
Other nonoperating revenue and expense items, net	7,449	2,548
Change in fair value of investments	(681)	
Depreciation and amortization of property, plant and equipment	24,247	23,912
Change in assets and liabilities-		
Accounts receivable	(3,222)	(2)
Materials and supplies inventory	(383)	(39)
Prepaid expenses	(622)	307
Accounts payable	3,806	(48)
Accrued payroll, vacation and other employee benefits	(816)	(160)
Waste disposal closure and postclosure care	28	2,096
Net cash provided by operating activities	$70,386	$75,977
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Assets acquired through capital contributions (see Note 1 - Property, Plant and Equipment)	$ 5,160	$ 5,149
Write off of deferred charges (see Note 1 - Property, Plant and Equipment)	-	14,638

The accompanying notes are an integral part of these financial statements.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2001 AND 2000

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Board of Water Commissioners (the "Board") was created under the Charter of the City and County of Denver, Colorado (the "City") as an independent, nonpolitical board. The Board has complete charge and control of a water works system and plant, which supplies water to customers located within the City and to entities serving other customers located in certain outlying areas in the Denver metropolitan area.

The Board has a five-member governing body, which is appointed by the Mayor of the City for overlapping six-year terms. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, "*The Financial Reporting Entity*," the Board would be classified as 1) an "other stand-alone government" since the Board is a legally separate and distinct entity from the City under the Charter of the City, and the City is not financially accountable for the Board, and 2) a "related organization" since the Mayor of the City appoints the Board's governing body, but is not financially accountable. However, the City has elected to include the Board's financial statements in the City's general purpose financial statements as a component unit enterprise fund because, in the City's opinion, the nature and significance of the Board's relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

As required by accounting principles generally accepted in the United States, the Board's financial statements present the Board and its component units. The Board's interest in the component unit discussed below is blended with the Board's reporting entity because of the significance of its operational or financial relationship with the Board.

The Denver Capital Leasing Corporation ("DCLC") was organized by the City as a nonprofit corporation in accordance with state law to facilitate financing of certain capital projects for the City and the Board. DCLC is governed by a three-member board appointed by the Mayor, and is reported as a component unit of the City. It is similar to an "undivided interest," an ownership arrangement in which two or more parties own property in which title is held individually to the extent of each party's interest, each party is liable for specific, identifiable obligations, and borrowing is done individually. Each party reports its own assets, liabilities, revenues, and expenses.

DCLC entered into a Master Lease Purchase Agreement ("MLPA") with the Board pursuant to which the Board leases from DCLC certain facilities. The Board constructed the facilities with proceeds from the execution and delivery of Certificates of Participation ("Certificates"), evidencing assignments of proportionate interests in rights to receive certain revenue of the Board under its MLPA with DCLC. The Certificates are payable solely from the Board's lease payments under the MLPA. DCLC has no obligation to make any payment on the Certificates. As the Board effectively has assumed substantially all of the risks and rewards of ownership, the Board accounts for the leased assets and related lease obligations as its own assets and its own debt (see Note 4).

The Employees' Retirement Plan of the Denver Board of Water Commissioners, (the "Plan"), the Board's trusteed single-employer defined benefit pension plan, is part of the Board's entity but has been excluded for financial reporting purposes because of the following provision of the Plan (see Note 8):

> The Plan and the Retirement Trust Fund created by the Plan were established and shall be maintained for the exclusive benefit of the eligible employees of the Board and their beneficiaries. No part of the Retirement Trust Fund can ever revert to the Board or be used for or diverted to purposes other than the exclusive benefit of the employees of the Board and their beneficiaries or the payment of expenses of the Plan.

Separate audited financial statements are available for the Plan.

Basis of Accounting

The Board's financial statements are accounted for on the flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets and liabilities associated with operations are included on the balance sheet, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Standards

The Board applies all applicable pronouncements of the GASB as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board ("FASB"), Opinions of the Accounting Principles Board, and Accounting Research Bulletins of the Committee on Accounting Procedure of the American Institute of Certified Public Accountants. In accordance with GASB Statement No. 20, the Board has elected not to apply FASB pronouncements issued after November 30, 1989.

Statements of Cash Flows

The definition of cash for purposes of the statements of cash flows is cash on hand and equity in treasurer's cash which represents cash on deposit with the City Treasurer in the Water Works Fund. Treasurer's cash is available for immediate withdrawal upon request by the Board.

Investments

In 2000, the Board's investments consisted entirely of money market investments (commercial paper, banker's acceptances, and U.S. Treasury and agency obligations). Those that had a remaining maturity at time of purchase of one year or less were valued at amortized cost. Those that had a remaining maturity at time of purchase of greater than one year were also valued at amortized cost due to the immateriality of the difference with fair value. In 2001, corporate bonds were added to the investment portfolio, and the method of valuation for all investments was changed from amortized cost to fair value. The cumulative effect of the change on prior periods is immaterial (see Note 3).

Materials and Supplies Inventory

Materials and supplies inventory is valued at weighted average cost, which approximates market.

Property, Plant and Equipment

Purchased and constructed property, plant and equipment ("PP&E") are recorded at cost. Donated PP&E are recorded at their estimated fair market value on the date received.

In 2001, as part of the Board's evaluation of long-lived assets, management evaluated the lives of certain water meters recorded by the Board. Based upon this evaluation, the Board concluded that a 30-year life for the meters is a more accurate estimate of the useful life of the meters as opposed to the original 80-year life. The new useful life of 30 years is effective on a prospective basis beginning in 2001. The effect of this change is to increase annual depreciation expense by $751,000.

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective depreciable or amortizable asset classes as follows:

Buildings and improvements	10 - 80 years
Motor vehicles and motorized equipment	7 - 50 years
Furniture, machinery and equipment	5 - 20 years

Depreciation and amortization for the years ended December 31, 2001 and 2000 were as follows (amounts expressed in thousands):

	Years Ended December 31,	
	2001	2000
Operating expenses, water service	$ 24,247	$ 23,912
Nonoperating expenses	112	109
Other, as allocated	1,964	1,842
Total depreciation and amortization	26,323	25,863
Less amortization of plant-related studies included in deferred charges (before write-off, see below)	(16)	(1,393)
Total depreciation and amortization of property, plant and equipment	$ 26,307	$ 24,470

Contributions in aid of construction ("CAC") represent facilities, or cash payments for facilities, received from property owners, governmental agencies and customers who receive benefit from such facilities. System development charges ("SDC") represent fees charged to customers to connect to the water system. Assets acquired through CAC and SDC are included in property, plant and equipment. Depreciation applicable to such assets is computed using the straight-line method over 80 and 60 years for CAC and SDC assets, respectively, and is charged to operations and then closed to the related equity accounts.

Maintenance and repairs are charged to expense as incurred, whereas major betterments are capitalized and depreciated or amortized. At the time of retirement or disposition of depreciable property, the related cost and accumulated depreciation are removed from the accounts, and the resulting gain or loss is reflected in net income.

Costs of certain engineering, feasibility, environmental and other studies are capitalized until the related projects become operational. When projects become operational, the costs are transferred to property, plant and equipment and depreciated over the estimated useful life of the asset. In the event the projects do not become operational or the costs do not benefit future projects, all accumulated costs are expensed in the period such determination is made. If the projects become inactive but are not abandoned, the costs are carried as deferred charges and amortized over their estimated useful lives, or until the related projects become operational or abandoned. At December 31, 2001 and 2000, inactive development costs included in deferred charges which, in the Board's opinion, will be used in connection with future construction activities, totaled $162,000 and $178,000, respectively, net of amortization. During 2000, certain inactive development costs with a net book value at year-end of $14.6 million were written off to Loss On Write-Off of Deferred Charges due to obsolescence of the underlying data.

Interest during the construction period is capitalized on major construction projects. Certain applicable general and administrative costs of an overhead nature are also capitalized, and such costs are depreciated over the estimated useful lives of the related assets when the related assets are transferred to PP&E.

Revenue

The Board accrues for estimated unbilled revenues for water provided through the end of each year since the last reading of the meters based on the billing cycle.

Rates

Under the City Charter, the Board is empowered to set rates for all of its customers. These rates "...may be sufficient to pay for operation, maintenance, reserves, debt service, additions, extensions, betterments, including those reasonably required for the anticipated growth of the Denver metropolitan area, and to provide for Denver's general welfare...."

On October 19, 1999, the Board approved a rate increase, effective March 6, 2000, which was estimated to increase normalized annual revenues by 2.5%.

On September 19, 2000, the Board approved a rate increase, effective January 1, 2001, which is estimated to increase normalized annual revenues by 2.4%.

On September 18, 2001, the Board approved a rate increase, effective January 1, 2002, which is estimated to increase normalized annual revenues by 2.5%.

Employee Compensated Absences

The Board's policy is to accrue for employee vacation, sick leave and other compensated absences when the employee vests in such benefits.

Waste Disposal Closure and Postclosure Care

The Board implemented GASB Statement No. 18, “Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs,” in 2000 (see Note 13).

Recently Issued Accounting Standards

GASB Statement No. 33: The Board implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions” in 2001, which requires that capital contributions be recognized as revenues, not contributed capital, unless they are “exchange-like” transactions. The Board considers its CAC and SDC to be “exchange-like” and continued to record them as capital contributions. During 2001, the Board received $5,075,000 from a lawsuit settlement related to manufacturer defects of certain water

mains, which resulted in water main breaks in 1997 and 1998. The Board considered the receipt of these funds as a nonexchange transaction and recorded them in Nonoperating Revenues (Expenses)—Other Income.

GASB Statement No. 38: The Board early-implemented GASB Statement No. 38, "Certain Financial Statement Note Disclosures," in 2001, which affects the Board's debt (Notes 4, 5, and 6) and accounts receivable (Note 14) disclosures.

GASB Statement No. 34: In June 1999, GASB Statement No. 34 was issued, which establishes a new financial reporting model for state and local governments. The adoption of GASB Statement No. 34 will only affect the Board's financial statement presentation. Changes to the Board's financial reporting, effective in 2002, will include: a) addition of a "Management's Discussion and Analysis" ("MD&A"), b) presentation changes to the equity section of the balance sheet, c) inclusion of proceeds from CAC and SDC on the Statement of Revenues, Expenses and Changes in Retained Earnings, and d) new terminology for certain elements of the financial statements. The change to the "direct" method for preparation of the Statements of Cash Flows was implemented in 2000.

(2) CONTRIBUTIONS IN AID OF CONSTRUCTION AND SYSTEM DEVELOPMENT CHARGES

Changes in CAC and SDC for the years ended December 31, 2001 and 2000 were as follows (amounts expressed in thousands):

	CAC	SDC
Balance, December 31, 1999	$ 172,837	$ 273,546
Additions	18,511	25,257
Current year's depreciation expense	(2,606)	(5,561)
Balance, December 31, 2000	188,742	293,242
Additions	18,172	22,420
Current year's depreciation expense	(2,811)	(5,982)
Balance, December 31, 2001	$ 204,103	$ 309,680

(3) CASH AND TEMPORARY CASH INVESTMENTS

Colorado statutes and the City Charter authorize the Board to expend funds for the operation of the Board, including the purchase of investments. The Board has an investment policy that allows for the following investments:

- U.S. Government direct obligations and unconditionally guaranteed federal agency securities
- Other federal agency securities
- Repurchase agreements
- Banker's acceptances
- Commercial paper
- Investment Grade Corporate Bonds

- Money market mutual funds

The Board's investments are categorized to give an indication of the level of custodial credit risk assumed by the Board at year-end. Under the criteria of GASB Statement No. 3, "*Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*," ("GASB No. 3"), Category 1 includes investments which are insured or registered or held by the Board or its agent in the Board's name; Category 2 includes investments which are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Board's name; and Category 3 includes investments which are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Board's name.

The Board's restricted and unrestricted investments (current and long-term) at December 31, 2001 and 2000, at fair value, consisted of the following (amounts expressed in thousands):

	Carrying Amount at Fair Value Years Ended December 31,	
	2001	2000
U.S. Government and Agency Securities	$ 124,232	$ 123,176
Corporate Obligations	35,201	46,529
Total Category 1	159,433	169,705
Money Market Mutual Funds (Not Categorized)	39,730	7,802
	$ 199,163	$ 177,507

The Board's bank balances are also categorized to give an indication of the level of custodial credit risk assumed by the Board at year-end. Under the criteria of GASB No. 3, Category 1 includes bank balances which are insured or collateralized with securities held by the Board or its agent in the Board's name; Category 2 includes bank balances which are collateralized with securities held by the pledging financial institution's trust department or agent in the Board's name; and Category 3 includes bank balances which are uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Board's name).

The carrying amount of cash at December 31, 2001, was $859,000, and the bank balances totaled $550,000. Of the total of bank balances, $100,000 was insured by federal depository insurance (Category 1), and the remainder was collateralized with securities held by banks in their trust departments pursuant to the Colorado Public Deposit Protection Act, and as such, are classified as Category 2.

(4) CERTIFICATES OF PARTICIPATION

The Certificates (see Note 1) were executed and delivered pursuant to a Mortgage and Indenture of Trust Agreement between a bank, acting as trustee ("Trustee"), and DCLC, pursuant to which DCLC assigned all of its rights, title, and interest under the MLPA to the Trustee. The MLPA is subject to termination on an annual basis by the Board, upon which any outstanding Certificates will be payable solely from funds held by the Trustee and any amounts made available by the Trustee's sublease or sale of the leased assets under the MLPA.

Certificates were first used in 1987 to finance the construction of pretreatment facilities for the Marston Treatment Plant. The Certificates in the amount of $28,185,000 were executed and delivered at an average

interest rate of 7.82% to be retired over a 20-year period. The pretreatment facilities were completed in 1989.

In 1991, additional Certificates in the amount of $58,930,000 were executed and delivered at an average interest rate of 6.70% to provide the Board with financing for the construction of improvements to the Moffat Treatment Plant, the construction of the 64th Avenue Pump Station, and to advance refund $20,735,000 of the 1987 Certificates. The 1991 Certificates were to be retired over a 20-year period.

In 1998, additional Certificates in the amount of $34,885,000 were executed and delivered at a true interest cost of 4.309% to advance refund $32,075,000 of the total $54,025,000 outstanding 1991 Certificates. The net proceeds of $34,940,000 (after premium, reserve fund payments, and issuance costs) were used to purchase U.S. Government securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Certificates until their call date on November 15, 2001.

In 2001, additional Certificates in the amount of $40,580,000 were executed and delivered at a true interest cost of 4.3326%. The net proceeds of $39,412,000 (after receipt of premium less issuance costs and payment to the reserve fund) was used to reimburse the Board for $21,477,000 of construction costs for improvements to the Marston and Moffat Treatment Plants, and to refund $17,935,000 of the 1991 Certificates on their call date on November 15, 2001. As of December 31, 2001, all 1991 Certificates have matured or have been called and paid.

The 1998 and 2001 refundings of the 1991 Certificates resulted in a difference between the reacquisition price and the net carrying amount of the old Certificates ("deferred amount on refunding") of $2,481,000 and $803,000, respectively. This difference, reported in the accompanying financial statements as a deduction from the Certificates, is being amortized as a component of interest expense through November 2011, which is the shorter of the remaining life of the old Certificates and the life of the new Certificates. At December 31, 2001, the unamortized deferred amount on refunding deducted from the Certificates is $2,155,000. The Board completed the advance refunding to reduce its total debt service payments over the next 10 years by $3,239,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2,715,000.

The MLPA, as amended and restated, requires a reserve fund be established from proceeds of the Certificates. The reserve fund is to be used in the event the Board fails to make payment of any base rental payments or other payments and fees defined in the MLPA. At December 31, 2001 and 2000, the reserve fund was $6,917,000 and $5,692,000, respectively, and is recorded as Restricted Investments. At the end of the lease term, the reserve fund and any related interest will be released to the Board.

A summary of scheduled payments for the Certificates as of December 31, 2001, is as follows (amounts expressed in thousands):

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 4,260	$ 3,088	$ 7,348
Long-term:			
2003	4,430	2,918	7,348
2004	4,605	2,730	7,335
2005	4,800	2,535	7,335
2006	5,005	2,328	7,333
2007-2011	35,160	8,098	43,258
2012-2016	9,625	1,429	11,054
	63,625	20,038	83,663
Plus premium	1,394	-	1,394
Less deferred amount on refunding	(2,155)	-	(2,155)
Total long-term	62,864	20,038	82,902
	$ 67,124	$ 23,126	$ 90,250

The Certificates are also collateralized by certain assets purchased and/or constructed under the MLPA. Following the 2001 transaction, two locations were subject to the MLPA. These locations are the Marston Pretreatment Facility Site, consisting of three parcels of land, and the Moffat Treatment Plant Site, consisting of four parcels of land. Leased property at the two sites includes all property permanently affixed to the sites as well as those items of movable equipment, machinery and related personal property which are necessary to the performance of the functions performed at the facility at which they are located and which remain located there for 60 days or more. The Board may remodel, substitute, modify, add to or remove leased property at its expense, provided that the value of the leased property shall not be decreased as a result of such changes.

(5) PROPERTY UNDER CAPITAL LEASE

On July 21, 1992, the Board entered into an agreement amending the lease agreement of March 3, 1987 with the Colorado River Water Conservation District ("District") whereby the District was required to construct Ritschard Dam and Wolford Mountain Reservoir ("Wolford") on Muddy Creek, a tributary of the Colorado River north of Kremmling, Colorado. In consideration of quarterly and semiannual lease payments for 27 years beginning after issuance of a notice of award for construction and payments of 40% of the annual operating costs of Wolford beginning after the end of the lease term, the District will convey to the Board at the end of the lease term ownership, use and control of 40% of the storage capacity of Wolford and 40% of the water right. The present value of the minimum lease payments at the beginning of the lease term, including a $2.4 million nonrefundable deposit, was $43 million, and the Board recorded an asset and obligation under capital lease of that amount. The project was completed in the fall of 1995.

Minimum capital lease payments were $3,000,000 during both 2001 and 2000. The following is a schedule by year of future minimum lease payments, together with the present value of the minimum lease payments as of December 31, 2001 (amounts expressed in thousands):

Year Ending December 31:	
2002	$ 3,000
2003	3,000
2004	3,000
2005	3,000
2006	3,000
2007-2011	15,000
2012-2016	15,000
2017-2021	10,500
Total minimum lease payments	55,500
Less interest at 6.75%	(24,071)
Present value of minimum lease payments (obligation under capital lease)	31,429
Less current portion	(893)
	$ 30,536

(6) BONDS PAYABLE

Bonds payable consists of general obligation water improvement and refunding bonds of the City. The Board is committed to repay the bonds and related interest from its revenues. Interest rates for the bonds outstanding at December 31, 2001, range from 4.0% to 6.0%. The average interest rate on all outstanding bonds was 5.00% and 5.21% for the years ended December 31, 2001 and 2000, respectively. A summary of debt maturity for the bonds as of December 31, 2001, is as follows (amounts expressed in thousands):

	Principal	Interest	Total
Year of Maturity:			
Current:	$ 11,610	$ 10,586	$ 22,196
Long-term:			
2003	11,545	9,856	21,401
2004	13,855	9,299	23,154
2005	23,240	8,635	31,875
2006	20,305	7,462	27,767
2007-2011	97,665	20,759	118,424
2012-2016	18,370	5,409	23,779
2017-2021	-	3,235	3,235
2022-2026	-	3,233	3,233
2027-2031	11,550	1,938	13,488
	196,530	69,826	266,356
Plus premium, net of discount	3,462	-	3,462
Less deferred amount on refunding	(1,276)	-	(1,276)
Total long-term	198,716	69,826	268,542
	$ 210,326	$ 80,412	$ 290,738

In 2001, the Board issued $86,385,000 of general obligation water refunding bonds in two series, Series 2001A in the amount of $11,215,000 and Series 2001B in the amount of $75,170,000. Series 2001A with a true interest cost (TIC) at sale of 4.38% was used to pay principal of bonds which matured on October 1, 2001. Series 2001B with a TIC of 3.84% was used to currently refund $49,045,000 of Series 1993A bonds with an average coupon rate of 5.19%, and to advance refund $14,725,000 of Series 1992 bonds with an average coupon rate of 5.89% and $14,220,000 of Series 1993B bonds with an average coupon rate of 5.08%.

The net proceeds of Series 2001B totaled $78,633,000 (after receipt of premium less issuance costs), of which $49,045,000 was used for the current refunding and $29,588,000 was used to purchase United States Government securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the Series 1992 and 1993B bonds. Of the Series 1992 and 1993B general obligation bonds, $1,335,000 and $1,380,000 respectively, remain outstanding. The refunded portion of the Series 1992 and 1993B bonds are considered to be defeased and the liability for those bonds has been removed from the Board's balance sheet at December 31, 2001.

The current and advance refundings resulted in a difference between the reacquisition price and the net carrying amount of the old debt ("deferred amount on refunding") of $935,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized as a component of interest expense through 2009. At December 31, 2001, the unamortized deferred amount on refunding for all bond refundings deducted from the bonds payable is $1,276,000.

The Board completed the current and advance refundings to reduce its total debt service payments and to obtain an economic gain (difference between the present values of the old and new debt service payments) as follows:

Series 1992: Reduction in total debt service requirements over the next seven years of $1,548,000 with an economic gain of $1,314,000.

Series 1993A: Reduction in total debt service requirements over the next seven years of $3,562,000 with an economic gain of $3,089,000.

Series 1993B: Reduction in total debt service requirements over the next eight years of $716,000 with an economic gain of $622,000.

In prior years, the Board defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Board's financial statements. At December 31, 2001, $28,945,000 of bonds outstanding are considered defeased.

(7) DEFERRED COMPENSATION PLANS

The Board has a deferred compensation plan for its employees, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular and discretionary employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying unforeseeable emergency. Participation in the plan is voluntary, and the Board does not make any contributions. The Board has no liability for losses under the plan but does have the usual fiduciary responsibilities of a plan sponsor.

The Board also sponsors the Denver Water Supplemental Retirement Savings Plan ("SRSP"). The SRSP is a 401(k) plan. All regular and discretionary employees are eligible to participate in the plan. Under the terms of the plan, the Board will make a matching contribution to the SRSP's trust fund each year in an amount equal to 100% of each participant's elective contributions, limited to 3% of the participant's base salary for the year. During 2001 and 2000, the Board made contributions totaling $1,257,000 and $1,263,000, respectively, to the SRSP.

(8) DEFINED BENEFIT PENSION PLAN

Plan Description

The Board sponsors and administers a trusteed, single-employer defined benefit pension plan, (the "Plan"). The Plan provides retirement benefits with limited annual cost-of-living adjustments to retired members and, if elected by the member, to his or her surviving spouse. Members of the Plan include substantially all regular and discretionary full-time and part-time employees of the Board. It also provides retirement benefits in the event of total and permanent disability, and a $5,000 death benefit. Article IV, Chapter C4.19 of the Charter of the City assigns the authority to establish and amend benefit provisions to the Board; however, any amendment that substantially impairs the property rights of employees will not become effective until approved by two-thirds of the employees. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to: Manager of Treasury Operations, MC 210, Denver Water, 1600 West 12th Avenue, Denver, CO 80204-3412.

Funding Policy

The Contribution requirements of plan members and the Board are established and may be amended by the Board, which acts as trustee of the Plan. The Plan's funding policy provides for periodic Board contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due. These required contributions may vary and are not expressed in terms of fixed dollar amounts or as percentages of annual covered payroll. Plan members are not required to make contributions, but may elect to make voluntary after-tax contributions to the Plan for the purpose of purchasing an additional monthly benefit. The additional benefit is in the form of an immediate monthly

annuity with no cost-of-living adjustment. The Board intends to continue making annual contributions to the Plan based on current annual actuarial valuations, but reserves the right to suspend, reduce or permanently discontinue all contributions at any time, pursuant to the termination provisions of the Plan.

Annual Pension Cost

The Board's annual pension cost for 2001 was $3,529,000, equal to the Board's required and actual contributions. The required contribution was determined as part of the January 1, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 5% to 12.2% per year, and (c) 5% per year cost-of-living adjustments for members terminating or retiring before September 1, 1995, and 4.4% per year for members terminating or retiring on or after September 1, 1995. Salary increases include an inflation component of 5.0%. The actuarial value of Plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized in level dollar amounts on a closed basis. The remaining amortization period at January 1, 2001 was 34 years.

Trend Information

Three-year trend information for the Board's pension cost and contributions is as follows (amounts expressed in thousands):

Year	Cost (APC)	Contributed	Obligation
1999	$4,435	100%	-
2000	$3,464	100%	-
2001	$3,529	100%	-

A Schedule of Funding Progress for the Plan is as follows (amounts expressed in thousands):

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) --Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/99	$165,762	$170,984	$5,222	96.9%	$44,148	11.8%
1/1/00	$184,124	$178,160	($5,964)	103.3%	$45,204	(13.2)%
1/1/01	$195,559	$188,903	($6,656)	103.5%	$46,564	(14.3)%

(9) POSTRETIREMENT BENEFITS

As part of the retirement program revisions instituted in 1995, the Board, under authority of the City Charter, established a postretirement health care benefit in the form of a $125 fixed monthly subsidy for medical, dental, or vision insurance coverage obtained through the Board's health plan to all employees taking early retirement. The subsidy begins with the first pension payment and continues until the retiree reaches age 65, or until pension payments cease, whichever is earlier. The subsidy is not written in the retirement plan or paid out of retirement plan funds and can only be used each month to offset part or all of that month's cost of insurance coverage. Currently, 83 retirees are eligible to receive this benefit. Expenses of this program are recognized as incurred, which amounted to $124,000 and $120,000 during 2001 and 2000, respectively.

(10) RISK MANAGEMENT

The Board is exposed to various risks of losses including general liability (limited under the Colorado Governmental Immunity Act to $150,000 per person and $600,000 per occurrence), property damage, and employee life, medical, dental, and accident benefits. The Board has a risk management program that includes self-insurance for liability, and self-insurance for employee medical and dental benefits through a commercial claims servicer. The Board carries commercial property insurance for catastrophic losses, including floods and earthquakes, for five major facilities: the Westside Complex, Marston Treatment Plant and Lab, Moffat Treatment Plant, Foothills Water Treatment Plant, and the Reuse Plant. It carries limited insurance for other miscellaneous locations. The Board also carries commercial insurance for employee life, accident, and workers' compensation. Workers' compensation insurance is under a retrospectively rated policy whereby the initial premiums are adjusted based on actual experience during the period of coverage. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Premiums on the retrospectively rated policy are accrued based on the ultimate cost of the experience to date. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2001, claims liabilities consisting of medical and dental benefits were $1,542,000. Changes in the balances of these liabilities during 2001 and 2000 were as follows (amounts expressed in thousands):

	Beginning-of-Year Liability	Current-Year Claims and Changes in Estimates	Claim Payments	Balance at Year-End
2001	$1,738	$8,574	($8,770)	$1,542
2000	$2,128	$6,915	($7,305)	$1,738

The Board has designated $7.5 million of its investments as available for claims covered by self-insurance.

(11) PREPAID SYSTEM DEVELOPMENT CHARGES

South Adams County Water and Sanitation District ("SACWSD")

On December 19, 1997, the Board and SACWSD entered into a Memorandum of Understanding, and on November 30, 1998, entered into a final agreement, whereby the Board will supply up to 2,000 acre-feet of treated water annually through December 31, 2003, and up to 4,000 acre-feet annually thereafter, for which SACWSD paid prepaid system development charges of $22,920,000 in December 1997. Increasing the amount from 2,000 to 4,000 acre-feet per year is contingent upon SACWSD's acquiring, developing, and conveying to the Board storage facilities for 8,000 acre-feet of water along the South Platte River downstream of Denver, and improvements to the Board's 56th Avenue facilities. The Board initially recorded all payments in Customer Advances for Construction. As of December 31, 2001, conveyances of $9.2 million were transferred from Customer Advances for Construction to Contributions in Aid of Construction for the storage facilities and improvements. When the project is completed and the Board begins supplying water at the 4,000 acre-feet per year level, the initial payment of $22,920,000 will be transferred to System Development Charges.

Xcel Energy ("Xcel")

In January 1998, the Board and Xcel entered into an agreement whereby the Board will supply up to 5,200 acre-feet of nonpotable reuse water annually from the Board's nonpotable reuse plant, which is under

construction, to Xcel's Cherokee generating plant beginning January 2006, for which Xcel paid prepaid system development charges of $12,519,000 in January 1998. The Board will ensure interim water supply to the Cherokee plant through the Farmers and Gardeners Ditch. The Board recorded the payment in Customer Advances for Construction. When the Board begins supplying water from the reuse plant, the payment will be transferred from Customer Advances for Construction to System Development Charges.

(12) LITIGATION

In August 1995, the Board received the results of an environmental self-audit, which revealed that a pipe to which several shop drains were connected was a storm drain rather than a sanitary sewer drain. This situation probably resulted in discharges of pollutants to the South Platte River. Despite the conclusion of the Colorado Department of Public Health and Environment that the Board should not be penalized, the U.S. Environmental Protection Agency ("EPA") and the U.S. Department of Justice ("DOJ") decided in 1999 to file an enforcement action under the Clean Water Act and the Resource Conservation and Recovery Act ("RCRA"). The Board negotiated a settlement with the DOJ and EPA whereby the Board paid a penalty of $48,000 and agreed to perform the following "supplemental environmental projects" that benefit the environment: 1) execution of a contract for $58,000 to purchase trees and shrubs for the Overland section of the South Platte restoration project, and 2) construction of a building containing a paint shop, a vehicle wash and a waste management facility ("Building Number 3"), which will result in a significant reduction in the amount of hazardous waste and wastewater. Construction of Building Number 3 was completed before the deadline of October 11, 2001. The only remaining activity under the consent decree is to file a completion report once the facilities have been in operation for sufficient time to determine that the expected environmental benefits will be accomplished.

(13) WASTE DISPOSAL CLOSURE AND POSTCLOSURE CARE COSTS

The Board operates a landfill at the Foothills Water Treatment Plant for disposal of aluminum sulfate solids/residuals generated as a by-product of the potable water treatment process at the Foothills and Marston Water Treatment Plants. It also operates sludge drying ponds at Ralston Reservoir for treatment of water treatment residuals generated as a by-product of the potable water treatment process at the Moffat Water Treatment Plant. Both sites have been in operation since 1995. State and federal laws and regulations require the Board to perform certain closing functions on these disposal sites when they stop accepting waste, including placing a final cover on the Foothills landfill, and to perform certain maintenance and monitoring functions at the sites for thirty years after closure.

Although these sites are not municipal solid waste landfills, and are outside the scope of GASB Statement No. 18, "*Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*," ("GASB No. 18"), the Board voluntarily implemented the provisions of that statement in 2000 to meet state and federal financial assurance requirements discussed below. Prior years were not restated due to the immateriality of the amounts involved.

As required by GASB No. 18, although closure and postclosure care costs will be paid only near or after the date that the disposal sites stop accepting waste, the Board reports a portion of the Foothills closure and postclosure care costs as an operating expense and liability in each year based on landfill capacity used as of each balance sheet date. The Board reports the entire liability for closure and postclosure care costs for the Ralston sludge drying ponds since they are not "filled" like a landfill, but are reusable.

Approximately $2.1 million is reported as Waste Disposal Closure and Postclosure Care liability at December 31, 2001 ($.5 million for Foothills and $1.6 million for Ralston), which represents the cumulative amount based on the use of 46% of the active portion of the Foothills landfill and 100% of the Ralston drying beds. The Board will recognize the remaining estimated cost of the Foothills postclosure care of $396,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2001. Actual cost may be higher due to inflation, changes in

technology, or changes in regulations. The remaining life of the Foothills landfill is estimated to be five to six years for the active disposal area of 21.5 acres. In addition, there is expansion capability of 100 acres with an indefinite life. The Ralston drying beds have an indefinite life.

The Board is required by state and federal laws and regulations to establish financial assurance sufficient to ensure full payment of closure and postclosure care of its disposal sites by selecting one of a variety of financial mechanisms. The Board chose the "Local Government Financial Test" which includes profitability requirements, minimum general obligation bond ratings, unqualified audit opinions, and the implementation of GASB No. 18.

(14) COMPONENTS OF ACCOUNTS RECEIVABLE

Accounts Receivable at December 31, 2001, are approximately 75% for treated water sales and 25% for other receivables including contributions in aid of construction, system development charges, nonpotable and hydrant water sales, and power sales. Receivables from City and County of Denver agencies are approximately 2% of water receivables and 11% of other receivables.

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SUPPLEMENTAL FINANCIAL INFORMATION

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EXHIBIT I

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 2001
(amounts expressed in thousands)

	Depreciation Life (Years)	Cost				Accumulated Depreciation and Amortization				Cost Less Accumulated Depreciation and Amortization as of December 31, 2001
		Balance, December 31, 2000	Additions and Transfers	Sales and Retirements	Balance, December 31, 2001	Balance, December 31, 2000	Provision	Sales, Retirements and Transfers	Balance, December 31, 2001	
UTILITY PLANT IN SERVICE:										
Source of supply plant	10 - 80	$ 382,873	$ 8,644	$ (18)	$ 391,499	$ 99,302	$ 4,546	$ (14)	$ 103,834	$ 287,665
Pumping plant	20 - 80	43,429	1,652	(43)	45,038	12,434	878	(47)	13,265	31,773
Water treatment plant	20 - 80	230,385	2,263	(116)	232,532	52,229	4,708	(76)	56,861	175,671
Transmission and distribution plant	30 - 80	605,138	(17,375)	(2,704)	585,059	132,841	8,816	(9,445)	132,212	452,847
General plant and equipment	5 - 50	86,668	7,860	(5,602)	88,926	41,644	6,026	(4,400)	43,270	45,656
Leasehold and other improvements	5 - 30	7,847	51,740	-	59,587	3,441	662	8,566	12,669	46,918
Land held for future use		14,073	-	-	14,073	-	-	-	-	14,073
Total utility plant in service		1,370,413	54,784	(8,483)	1,416,714	341,891	25,636	(5,416)	362,111	1,054,603
NONUTILITY PLANT IN SERVICE:										
Plant	10 - 80	7,637	-	(1)	7,636	2,613	108	-	2,721	4,915
General equipment	10 - 20	73	10	(22)	61	42	4	(13)	33	28
Total nonutility plant in service		7,710	10	(23)	7,697	2,655	112	(13)	2,754	4,943
UTILITY PLANT UNDER CAPITAL LEASI	80	42,981	-	-	42,981	2,867	559	-	3,426	39,555
CONSTRUCTION IN PROGRESS		71,177	49,927	-	121,104	-	-	-	-	121,104
Total property, plant and equipment		$ 1,492,281	$ 104,721	$ (8,506)	$ 1,588,496	$ 347,413	$ 26,307	$ (5,429)	$ 368,291	$ 1,220,205

EXHIBIT II-A

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

GENERAL OBLIGATION WATER IMPROVEMENT AND REFUNDING BONDS
OUTSTANDING AT DECEMBER 31, 2001
(amounts expressed in thousands)

Date of Issue	Interest Rates on Bonds Outstanding as of December 31, 2001	Amount Issued	Amount Retired	Outstanding	Bonds Which Are Callable: Callable Amount	Bond Nos.**	Initial Date Callable
Sep 1, 1992*	5.75-5.90%	$ 16,060	$ (14,725)	$ 1,335	$ 1,335	Regstrd.	Sep 1, 2002
Sep 1, 1993*	4.80-5.10%	15,600	(14,220)	1,380	1,380	Regstrd.	Sep 1, 2003
Jun 15, 1994*	4.80-5.50%	131,835	(83,270)	48,565	35,895	Regstrd.	Oct 1, 2003
Sep 15, 1995*	4.75-5.00%	12,825	(2,100)	10,725	6,000	Regstrd.	Oct 1, 2005
Sep 15, 1996*	4.60-5.375%	16,975	(3,985)	12,990	7,330	Regstrd.	Oct 1, 2006
Aug 1, 1997*	4.40-5.50%	19,530	-	19,530	11,900	Regstrd.	Oct 1, 2007
Sep 15, 1999*	5.50-6.00%	14,530	-	14,530	11,550	Regstrd.	Oct 1, 2013
Sep 15, 2000*	4.80-5.50%	12,700	-	12,700	10,410	Regstrd.	Oct 1, 2011
Aug 15, 2001A*	4.00-4.70%	11,215	-	11,215	4,560	Regstrd.	Sep 1, 2012
Aug 15, 2001B*	4.00-5.00%	75,170	-	75,170	-	Regstrd.	Not callable
		$326,440	$(118,300)	208,140	$ 90,360		
Plus premium, net of discount				3,462			
Less deferred amount on refunding				(1,276)			
				$ 210,326			

* Refunding Serial Issue.
** Callable Bonds are redeemable in inverse serial order.

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SUMMARY OF DEBT SERVICE REQUIREMENTS OUTSTANDING
AT DECEMBER 31, 2001
YEARS 2002 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Bond Retirements (Exhibit II-C)	Bond Interest (Exhibit II-D)	Total Debt Service
2002	$ 11,610	$ 10,586	$ 22,196
2003	11,545	9,856	21,401
2004	13,855	9,299	23,154
2005	23,240	8,635	31,875
2006	20,305	7,462	27,767
2007	25,355	6,431	31,786
2008	23,635	5,153	28,788
2009	16,540	3,966	20,506
2010	23,960	3,241	27,201
2011	8,175	1,968	10,143
2012	6,140	1,542	7,682
2013	3,880	1,241	5,121
2014	3,565	1,053	4,618
2015	3,785	879	4,664
2016	1,000	694	1,694
2017	-	647	647
2018	-	647	647
2019	-	647	647
2020	-	647	647
2021	-	647	647
2022	-	647	647
2023	-	647	647
2024	-	647	647
2025	-	646	646
2026	-	646	646
2027	-	646	646
2028	-	646	646
2029	11,550	646	12,196
Total	208,140	80,412	288,552
Plus discount, net of premium	3,462	-	3,462
Less deferred amount on refunding	(1,276)	-	(1,276)
	$ 210,326	$ 80,412	$ 290,738

EXHIBIT II-C

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND RETIREMENTS FOR BONDS OUTSTANDING AT DECEMBER 31, 2001
YEARS 2002 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1992 Refunding	Series 1993B Refunding	Series 1994 Refunding	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Total
2002	-	-	$ 6,180	$ 1,165	$ 1,025	$ 1,000	-	-	$ 550	$ 1,690	$ 11,610
2003	-	-	6,490	1,175	1,075	1,100	-	-	550	1,155	11,545
2004	-	-	6,810	1,185	1,130	1,250	-	-	615	2,865	13,855
2005	-	-	7,180	1,200	1,185	1,330	-	-	640	11,705	23,240
2006	40	25	7,335	-	1,245	1,400	-	-	645	9,615	20,305
2007	300	195	1,210	-	1,285	1,550	-	-	670	20,145	25,355
2008	995	160	1,010	-	1,415	1,700	-	-	700	17,655	23,635
2009	-	1,000	1,010	-	1,460	2,000	-	-	730	10,340	16,540
2010	-	-	11,340	6,000	1,540	2,500	1,820	-	760	-	23,960
2011	-	-	-	-	1,630	2,800	660	2,290	795	-	8,175
2012	-	-	-	-	-	2,900	-	2,410	830	-	6,140
2013	-	-	-	-	-	-	500	2,530	850	-	3,880
2014	-	-	-	-	-	-	-	2,665	900	-	3,565
2015	-	-	-	-	-	-	-	2,805	980	-	3,785
2016	-	-	-	-	-	-	-	-	1,000	-	1,000
2017	-	-	-	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	11,550	-	-	-	11,550
	$ 1,335	$ 1,380	$ 48,565	$ 10,725	$ 12,990	$ 19,530	$ 14,530	$ 12,700	$ 11,215	$ 75,170	$ 208,140

BOARD OF WATER COMMISSIONERS
CITY AND COUNTY OF DENVER, COLORADO

SCHEDULE OF BOND INTEREST FOR BONDS OUTSTANDING AT DECEMBER 31, 2001
YEARS 2002 TO 2029 INCLUSIVE
(amounts expressed in thousands)

Year	Series 1992 Refunding	Series 1993B Refunding	Series 1994 Refunding	Series 1995 Refunding	Series 1996 Refunding	Series 1997 Refunding	Series 1999 Refunding	Series 2000 Refunding	Series 2001A Refunding	Series 2001B Refunding	Total
2002	$ 79	$ 70	$ 2,568	$ 533	$ 664	$ 960	$ 820	$ 638	$ 496	$ 3,758	$ 10,586
2003	79	70	2,259	477	615	916	820	638	452	3,530	9,856
2004	79	70	1,928	419	564	867	820	638	430	3,484	9,299
2005	79	70	1,574	360	508	810	820	638	406	3,370	8,635
2006	79	70	1,193	300	449	748	820	639	380	2,784	7,462
2007	76	69	799	300	387	683	820	639	354	2,304	6,431
2008	57	59	734	300	321	598	820	639	328	1,297	5,153
2009	-	52	679	300	248	516	820	639	299	413	3,966
2010	-	-	624	300	170	418	820	639	270	-	3,241
2011	-	-	-	-	88	292	711	638	239	-	1,968
2012	-	-	-	-	-	149	674	513	206	-	1,542
2013	-	-	-	-	-	-	674	397	170	-	1,241
2014	-	-	-	-	-	-	647	273	133	-	1,053
2015	-	-	-	-	-	-	647	140	92	-	879
2016	-	-	-	-	-	-	647	-	47	-	694
2017	-	-	-	-	-	-	647	-	-	-	647
2018	-	-	-	-	-	-	647	-	-	-	647
2019	-	-	-	-	-	-	647	-	-	-	647
2020	-	-	-	-	-	-	647	-	-	-	647
2021	-	-	-	-	-	-	647	-	-	-	647
2022	-	-	-	-	-	-	647	-	-	-	647
2023	-	-	-	-	-	-	647	-	-	-	647
2024	-	-	-	-	-	-	647	-	-	-	647
2025	-	-	-	-	-	-	646	-	-	-	646
2026	-	-	-	-	-	-	646	-	-	-	646
2027	-	-	-	-	-	-	646	-	-	-	646
2028	-	-	-	-	-	-	646	-	-	-	646
2029	-	-	-	-	-	-	646	-	-	-	646
	$ 528	$ 530	$ 12,358	$ 3,289	$ 4,014	$ 6,957	$ 19,786	$ 7,708	$ 4,302	$ 20,940	$ 80,412

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STATISTICAL SUMMARY: 1992 - 2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Population Served[1]	**1,081,000**	1,064,000	1,046,000	1,029,000	1,012,000	995,000	977,000	960,000	943,000	926,000
Total Treated Water Consumption in Million Gallons	**81,054.72**	83,585.25	75,232.01	77,475.48	75,363.33	76,203.96	65,267.91	76,516.08	72,562.61	73,043.27
Average Daily Consumption in Million Gallons	**222.07**	228.38	206.12	212.26	206.47	208.21	178.82	209.63	198.80	199.57
Average Daily Consumption per Capita in Gallons	**205**	215	197	206	204	210	183	218	211	216
Maximum Daily Consumption in Million Gallons	**488.71**	478.19	475.66	512.53	517.57	456.99	453.55	479.01	438.20	414.11
Maximum Hour Treated Water Use Rate (MGD)[2]	**716.86**	751.47	676.26	763.87	712.48	736.53	565.13	717.57	661.80	643.60
Treated Water Pumped in Million Gallons	**54,161.28**	47,953.92	38,149.92	33,990.21	34,179.67	39,578.30	32,115.03	40,720.24	35,826.13	32,613.51
Raw Water Storage Capacity in Acre-Feet	**561,883**	545,476	545,476	545,476	545,476	545,476	545,476	545,476	545,476	545,476
Replacement Reservoir Storage Capacity in Acre-Feet	**122,432**	96,822	96,822	96,822	96,822	96,822	96,822	96,822	96,822	96,822
Supply from South Platte River in Acre-Feet[3]	**129,926**	133,912	210,777	190,948	194,478	131,242	178,286	134,116	117,914	131,341
Supply from Moffat System in Acre-Feet	**71,296**	59,811	57,272	54,220	77,630	60,520	69,271	45,782	38,468	49,984
Supply from Blue River/Roberts Tunnel System in Acre-Feet	**102,282**	102,750	54,064	48,384	92,174	89,268	98,176	90,479	135,770	89,573
Treated Water Pumping Capacity in MGD[2]	**1,052.5**	1,052.5	1,052.5	1,027.5	1,027.5	1,027.5	1,116.8	1,116.8	1,091.8	1,091.8
Raw Water Pumping Capacity in MGD[2]	**92.2**	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2
Treatment Plant Capacity in MGD[2]	**645.0**	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0	645.0
Treated Water Reservoir Capacity in Million Gallons	**378.45**	378.75	378.75	371.75	400.5	408.2	408.2	408.2	393.2	393.2
Supply Mains in Miles (Mountain Collection System)	**77.6**	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6	77.6
Supply Mains in Miles (Metropolitan Denver Area)	**40.7**	40.7	40.7	39.2	39.2	39.2	39.3	39.3	39.3	39.3
T&D Mains in Miles (Inside Denver and Total Service Contract Distributors)	**2,499**	2,474	2,449	2,416	2,486.1	2,464.0	2,442.6	2,377.6	2,362.8	2,355.6
Nonpotable T&D Mains in Miles	**17.3**	17.3	16.4	15.6	15.6	14.7	14.6	-	-	-
Total Active Taps-End of Year[1]	**286,051**	282,985	278,374	274,938	271,338	268,676	271,999	268,506	265,233	262,184
Fire Hydrants Operated & Maintained	**14,173**	13,991	13,681	13,136	13,575	13,298	13,005	12,524	12,364	12,282
Breaks in Mains - Denver	**261**	243	195	166	251	200	147	222	239	206
Service Leaks	**794**	907	663	779	591	648	548	631	635	550
Fire Hydrants Tested and Repaired	**29,604**	23,875	25,052	27,150	26,188	14,894	18,086	16,195	14,823	19,689
Employees (Authorized Staffing)	**1,060**	1,046	1,044	1,036	1,032	1,030	1,031	1,063	1,068	1,086
Financial Information[4]										
Gross Property, Plant & Equipment	**$ 1,588,496**	$1,492,281	$1,408,333	$ 1,347,620	$1,282,062	$1,236,743	$1,209,646	$1,173,637	$1,145,118	$1,117,889
Net Property, Plant & Equipment (after depreciation)	**$ 1,220,205**	$1,144,868	$1,082,973	$ 1,042,918	$ 993,753	$ 968,496	$ 959,945	$ 941,516	$ 926,511	$ 899,916
Additions to Property, Plant & Equipment	**$ 104,721**	$ 87,493	$ 65,806	$ 73,095	$ 47,664	$ 33,178	$ 38,491	$ 35,355	$ 48,543	$ 121,442
Operating Revenues[5]	**$ 151,198**	$ 153,429	$ 127,655	$ 128,570	$ 121,074	$ 118,580	$ 94,952	$ 100,992	$ 85,143	$ 81,637
Operating Expenses[5]	**$ 110,618**	$ 106,066	$ 100,719	$ 97,489	$ 93,202	$ 92,072	$ 86,742	$ 79,888	$ 78,651	$ 73,655
Operating Income	**$ 40,580**	$ 47,363	$ 26,936	$ 31,081	$ 27,872	$ 26,508	$ 8,210	$ 21,104	$ 6,492	$ 7,982
Net Income (Loss)	**$ 38,257**	$ 27,436	$ 21,117	$ 21,611	$ 19,198	$ 8,193	$ (6,883)	$ 3,461	$ (11,115)	$ (9,833)
Retained Earnings (Reinvested)	**$ 550,198**	$ 503,148	$ 467,545	$ 438,851	$ 410,129	$ 384,448	$ 370,098	$ 371,225	$ 364,077	$ 370,080
Total Long-Term Debt[6]	**$ 308,879**	$ 289,681	$ 294,757	$ 299,773	$ 329,466	$ 334,618	$ 340,598	$ 346,806	$ 349,585	$ 350,885

[1]Population estimates based on treated water customers only. Beginning in 1996, population served and active taps exclude the City of Broomfield.

[2]MGD = Million Gallons per Day.

[3]Supply includes effluent exchanges.

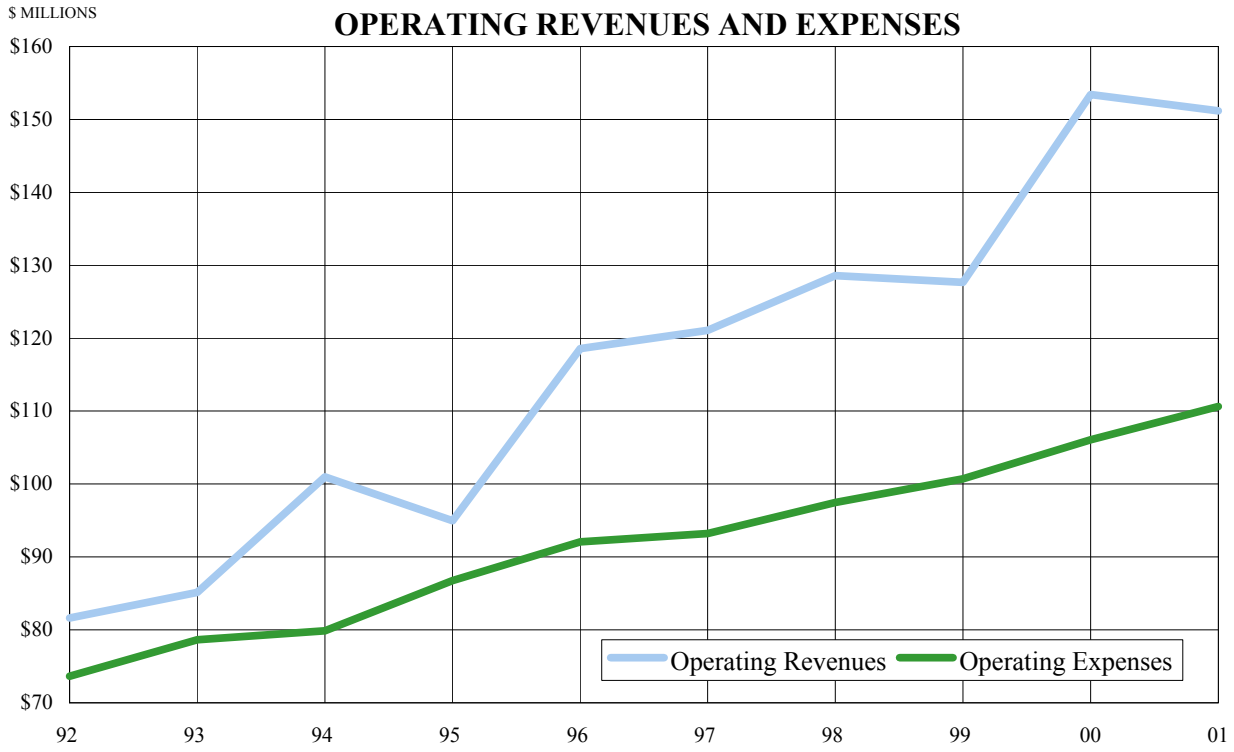
[4]Amounts expressed in thousands.

[5]See "Detail of Revenues and Expenses."

[6]Includes current and long-term portions of bonds payable, certificates of participation, and obligations under capital lease, net of discounts, premiums and deferred losses on advance refundings.

DETAIL OF REVENUES AND EXPENSES: 1992 - 2001
(amounts expressed in thousands)

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
OPERATING REVENUES:										
Water	**$ 145,565**	$ 148,919	$ 123,608	$ 124,810	$ 116,884	$ 114,635	$ 91,051	$ 97,920	$ 82,300	$ 78,966
Power generation and other	**5,633**	4,510	4,047	3,760	4,190	3,945	3,901	3,072	2,843	2,671
Total operating revenues	**151,198**	153,429	127,655	128,570	121,074	118,580	94,952	100,992	85,143	81,637
OPERATING EXPENSES:										
Water service·										
Source of supply, pumping treatment and distribution	**43,756**	42,857	41,060	39,233	40,266	38,046	35,173	30,795	29,716	28,677
General and administrative	**35,500**	32,499	30,215	30,243	25,236	26,836	26,958	25,522	24,810	21,988
Depreciation and amortization	**24,247**	23,912	22,627	21,211	21,047	21,047	18,890	17,447	16,704	16,013
Customer service	**7,115**	6,798	6,817	6,802	6,653	6,143	5,721	6,124	5,867	4,836
Total water service	**110,618**	106,066	100,719	97,489	93,202	92,072	86,742	79,888	77,097	71,514
Reuse demonstration plant·										
Operations and maintenance	-	-	-	-	-	-	-	-	60	463
Depreciation and amortization	-	-	-	-	-	-	-	-	1,494	1,678
Total reuse demonstration plan	-	-	-	-	-	-	-	-	1,554	2,141
Total operating expenses	**110,618**	106,066	100,719	97,489	93,202	92,072	86,742	79,888	78,651	73,655
OPERATING INCOME	**40,580**	47,363	26,936	31,081	27,872	26,508	8,210	21,104	6,492	7,982
NONOPERATING REVENUES (EXPENSES):										
Investment income	**8,665**	9,838	7,417	7,859	5,958	4,417	4,498	2,972	2,517	4,989
Interest expense, less capitalized interes	**(13,811)**	(16,249)	(16,800)	(18,241)	(19,350)	(19,979)	(20,383)	(19,633)	(21,918)	(21,487)
Gain (loss) on disposition o property, plant and equipmen	**(2,410)**	(14,511)	3,479	13	4,158	(2,968)	(44)	(668)	1,283	(1,204)
Other income (expense), net	**5,233**	995	85	899	560	215	836	(314)	511	(113)
Net nonoperating expenses	**(2,323)**	(19,927)	(5,819)	(9,470)	(8,674)	(18,315)	(15,093)	(17,643)	(17,607)	(17,815)
NET INCOME (LOSS)	**$ 38,257**	$ 27,436	$ 21,117	$ 21,611	$ 19,198	$ 8,193	$ (6,883)	$ 3,461	$ (11,115)	$ (9,833)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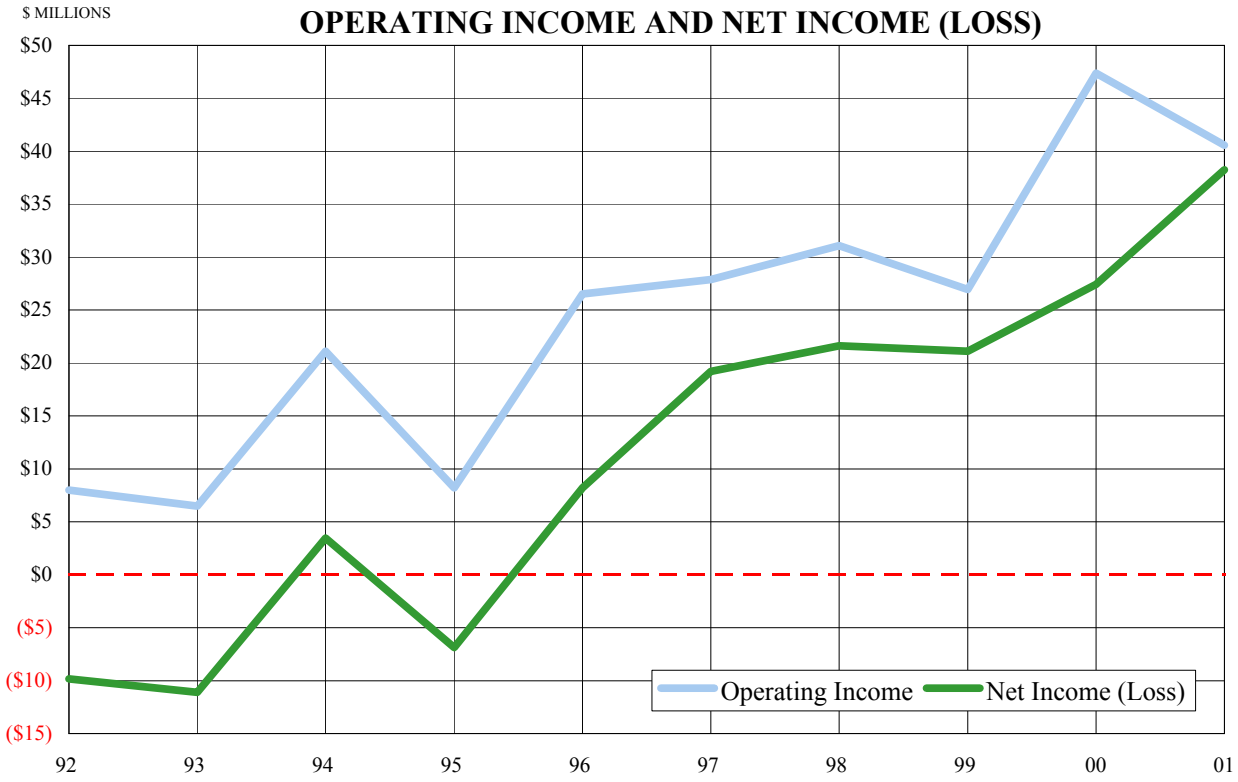
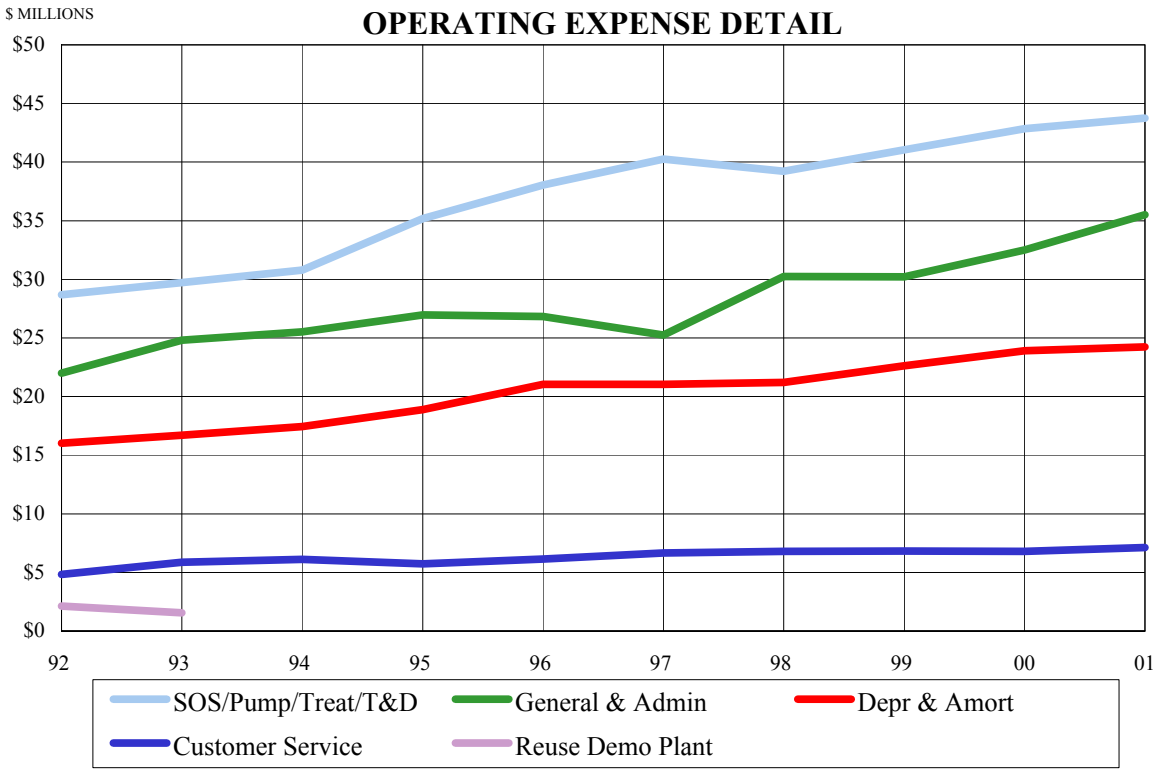
$150
$140
$130
$120
$110
$100
$90
$80
$70
92
93
94
95
96
97
98
99
00
01
Operating Revenues
Operating Expenses


$ MILLIONS
OPERATING INCOME AND NET INCOME (LOSS)
$50
$45
$40
$35
$30
$25
$20
$15
$10
$5
$0
($5)
($10)
($15)
92
93
94
95
96
97
98
99
00
01
Operating Income
Net Income (Loss)


$ MILLIONS
OPERATING EXPENSE DETAIL
$50
$45
$40
$35
$30
$25
$20
$15
$10
$5
$0
92
93
94
95
96
97
98
99
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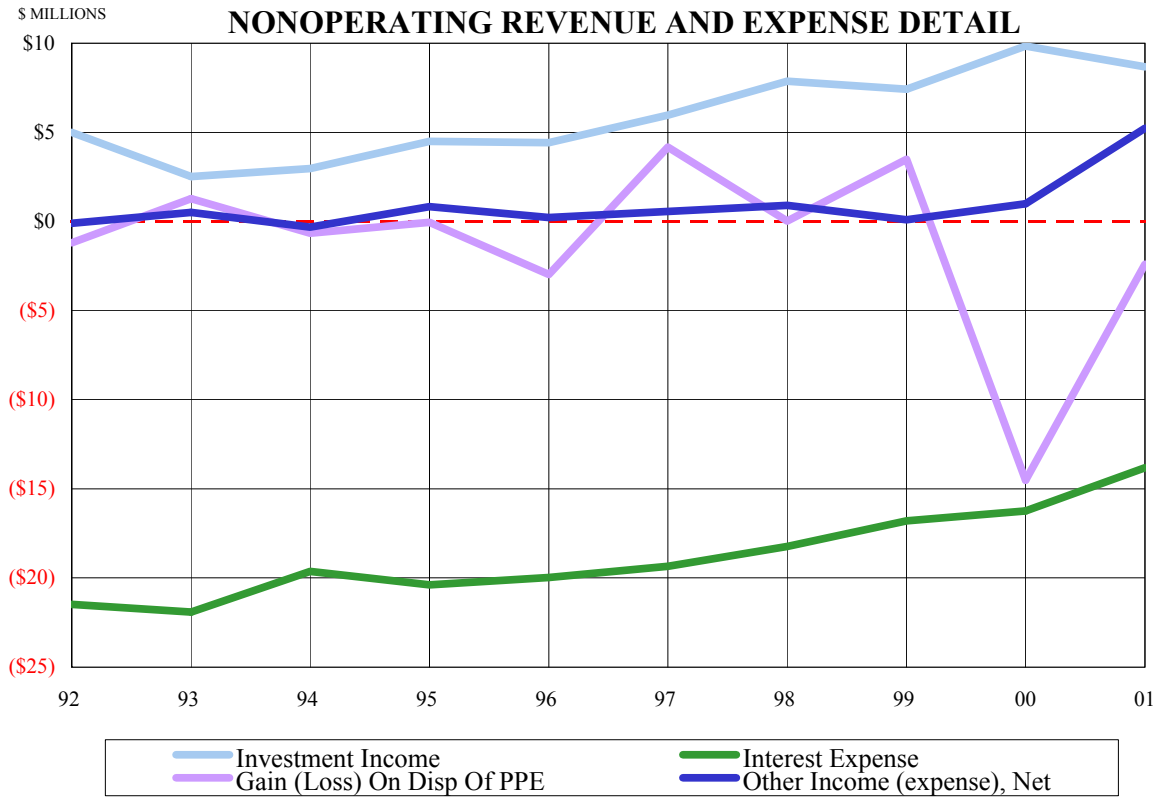
01
SOS/Pump/Treat/T&D
General & Admin
Depr & Amort
Customer Service
Reuse Demo Plant


$ MILLIONS
NONOPERATING REVENUE AND EXPENSE DETAIL
$10
$5
$0
($5)
($10)
($15)
($20)
($25)
92
93
94
95
96
97
98
99
00
01
Investment Income
Interest Expense
Gain (Loss) On Disp Of PPE
Other Income (expense), Net

Supply

2001 Facts

Raw water collected	303,504	A.F.
Percent of average yield	101%	
Percent from South Platte System	43%	
Percent from Moffat System	23%	
Percent from Roberts Tunnel System	34%	
Reservoir storage, January 1	461,966	A.F.
Percent of capacity	85%	
Reservoir storage, December 31	458,477	A.F.
Percent of capacity	84%	
Power generation	64,140,505	KWH
Value of power generation	$2,274,398	

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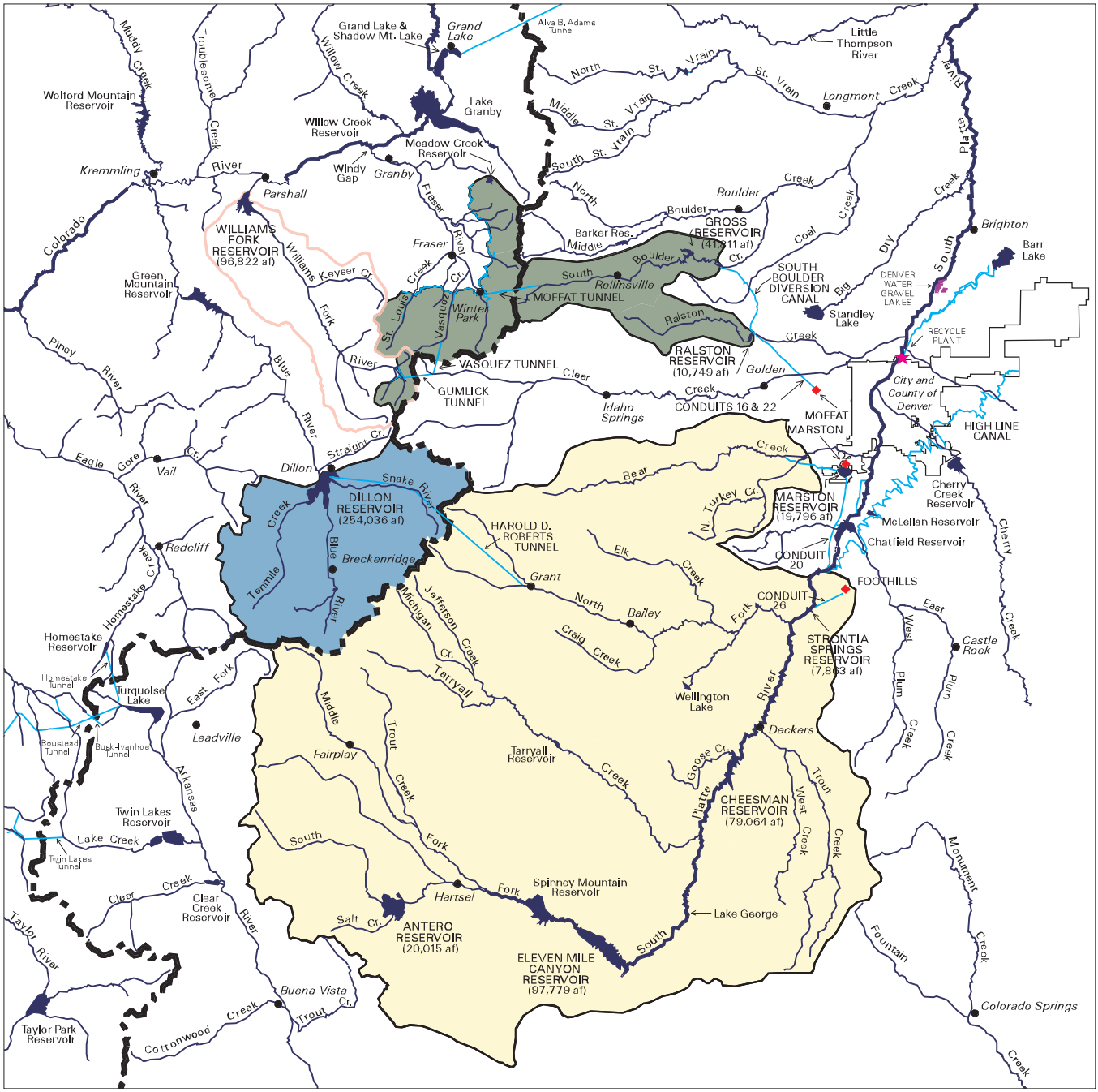
City and County of Denver
Board of Water Commissioners
Water Collection System



LEGEND

- South Platte Collection System
- Roberts Tunnel Collection System
- Moffat Collection System
- Williams Fork Reservoir Watershed
- Denver Water Treatment Plant
- Continental Divide
- Major Stream or River
- Major Canal or Tunnel
- Major Lake or Reservoir
- Town

N

S

Scale 1:1,000,000

0 5 10 20 40

Miles

SOURCE OF SUPPLY - 2001
Reservoirs and Collection Systems

RAW WATER STORAGE	Capacity in Acre-Feet	Capacity in Million Gals.
Storage Reservoirs:		
Dillon	254,036	82,777.9
Eleven Mile Canyon	97,779	31,861.4
Cheesman	79,064	25,763.1
Gross	41,811	13,624.2
Antero	20,015	6,521.9
Chatfield	27,428	8,937.4
Soda Lakes (Board owns 35.16% of water)	645	210.2
Total Storage Reservoirs	520,778	169,696.0
Operating Reservoirs:		
Marston Lake	19,796	6,450.5
Ralston	10,749	3,502.6
Strontia Springs	7,863	2,562.2
Long Lakes	1,787	582.3
Platte Canyon	910	296.5
Total Operating Reservoirs	41,105	13,394.1
TOTAL RAW WATER STORAGE	561,883	183,090.1

REPLACEMENT RESERVOIRS		
Williams Fork	96,822	31,549.5
Wolford Mountain (Board owns 40% of water)	25,610	8,345.0
Total Replacement Reservoirs	122,432	39,894.6

MOUNTAIN COLLECTION SYSTEM	Length in Feet	Length in Miles
Moffat Collection System:		
Concrete and Steel Pipe	91,649	17.4
Moffat Water Tunnel	32,383	6.1
Open Canals	20,223	3.8
Covered Canals	23,207	4.4
Other Tunnels	10,953	2.1
Total Moffat Collection System	178,415	33.8
Williams Fork Collection System:		
Steel Pipe	18,939	3.6
Vasquez Tunnel	17,874	3.4
A. P. Gumlick Tunnel	15,572	3.0
Open Canals	1,795	0.3
Total Williams Fork Collection System	54,180	10.3
Roberts Tunnel	122,953	23.3
South Boulder Diversion Conduit:		
Open Canals	33,250	6.3
Concrete and Steel Pipe	10,948	2.1
Tunnels	7,704	1.5
Covered Canals	1,748	0.3
Total South Boulder Diversion Conduit	53,650	10.2
TOTAL MOUNTAIN COLLECTION SYSTEM	409,198	77.6

SOURCE OF SUPPLY - 2001 (Continued)
Supply Mains and Wells

RAW WATER SUPPLY MAINS

	Size	Kind of Pipe	Capacity in MGD	Length in Feet	Length in Miles
Conduit 14:	48"	Concrete	32.0	3,324	0.6
Conduit 15:	60"	Concrete		8,040	1.5
	60"	Steel		11,158	2.1
	72"	Concrete		6,057	1.2
	72"	Steel		6,185	1.2
Total Conduit 15			100.0	31,440	6.0
Conduit 16:	42"	Concrete		44,707	8.4
	42"	Steel		579	0.1
	48"	Concrete		346	0.1
Total Conduit 16			62.0	45,632	8.6
Conduit 20:	60"	Steel		1,038	0.2
	84"	Steel		563	0.1
	90"	Concrete		59,899	11.3
	96"	Concrete-Lined Tunnel		3,012	0.6
	108"	Steel		8,000	1.5
Total Conduit 20			222.0	72,512	13.7
Conduit 22:	30"	Concrete		47	- [1]
	48"	Concrete		11	- [1]
	54"	Concrete		44,334	8.4
	54"	Steel		510	0.1
Total Conduit 22			137.0	44,902	8.5
Conduit 26:					
	126"	Steel		1,746	0.3
	126"	Concrete		147	- [1]
	126"	Concrete-Lined Tunnel		16,089	3.0
Total Conduit 26			750.0	17,982	3.3
TOTAL RAW WATER SUPPLY MAINS				215,792	40.7

[1]Less than 0.1 mile.

INFILTRATION GALLERIES & WELLS

	Capacity in MGD
Cherry Creek Wells:	
Well O	1.2
Farnell Lane Well Field	- [1]

[1]Alternative uses for supplies from the Farnell Lane Well Field are presently under study.

HYDROELECTRIC POWER - 2001

POWER GENERATION, PURCHASE, DISTRIBUTION, AND BANKINC

POWER GENERATION AND PURCHASE	Kilowatt Hours	Value
Net Power Generation:[1]		
Dillon	12,463,818	$ 474,147
Foothills	10,916,990	366,848
Hillcrest	7,303,687	231,716
Roberts Tunnel	19,714,322	653,745
Strontia Springs	8,444,638	340,603
Williams Fork	5,297,050	207,338
Total Power Generation	64,140,505	2,274,398
Power Purchased for Department of Energy (DOE) power interference	7,060,000	164,310
TOTAL POWER GENERATION AND PURCHASE	71,200,505	2,438,708
POWER DISTRIBUTION		
Power Consumption:[1]		
Foothills	5,491,015	258,652
Hillcrest	1,486,068	90,055
Total Power Consumption	6,977,083	348,707
Power Sales:		
To Public Service:		
Dillon	12,463,818	474,147
Foothills	5,425,975	108,196
Hillcrest	5,817,619	141,660
Roberts Tunnel	19,714,322	653,745
Strontia Springs	8,444,638	340,603
	51,866,372	1,718,352
To Tri-State:		
Williams Fork	5,297,050	207,338
Total Power Sales	57,163,422	1,925,690
Power Deliveries to DOE for Power Interference:		
Williams Fork	0	0
Purchased Power	7,060,000	164,311
Total Power Deliveries to DOE	7,060,000	164,311
TOTAL POWER DISTRIBUTION	71,200,505	2,438,708
DOE BANKED POWER INTERFERENCE ACCOUNT[2]		
Balance, Beginning of Year	129,546,000	3,886,380
Power Deliveries to DOE	7,060,000	211,800
Net Interference	(4,286,000)	(128,580)
Balance, End of Year	132,320,000	$3,969,600

[1]Net Power Generation is total generation less station service (except Foothills and Hillcrest) and transmission wheeling losses. Value of Williams Fork power and that consumed by Foothills and Hillcrest based on PSC tariff schedule T June 4, 1988.

[2]Value based on 30 mills/kwh (approximate average of PSC and DOE rates).

HYDROELECTRIC POWER - 2001 (Continued)

POWER VALUE, COST, AND RETURN ON INVESTMENT

	Power Plant						
	Dillon	Foothills	Hillcrest	Roberts Tunnel	Strontia Springs	Williams Fork	Total
Date of Commercial Operation:	Oct 1, 1987	May 25, 1985	Jun 30, 1993	Jan 30, 1988	Aug 11, 1986	July 25, 1959	
VALUE OF POWER GENERATION							
Public Service Company Sales	$ 474,147	$ 108,196	$ 141,660	$ 653,745	$ 340,603	$ -	$ 1,718,351
Foothills Consumption	-	258,652	-	-	-	-	258,652
Hillcrest Consumption	-	-	90,055	-	-	-	90,055
Delivered to Tri-State	-	-	-	-	-	207,338	207,338
TOTAL VALUE	474,147	366,848	231,715	653,745	340,603	207,338	2,274,396
COST OF POWER GENERATION							
Transmission Wheeling	-	911	-	9,240	-	-	10,151
Operation and Maintenance	64,875	66,369	183,545	182,013	69,336	61,103	627,241
Administrative Expense	18,277	25,027	36,627	27,333	15,660	16,996	139,920
Depreciation	93,442	53,024	136,299	126,667	43,519	10,545	463,496
TOTAL COST	176,594	145,331	356,471	345,253	128,515	88,644	1,240,808
Net Return (Loss)	$ 297,553	$ 221,517	$ (124,756)	$ 308,492	$ 212,088	$ 118,694	$ 1,033,588
Plant Investment (Before Depreciation)	$ 4,467,718	$ 2,049,002	$ 6,301,011	$ 5,972,138	$ 1,719,448	$ 1,304,532	$ 21,813,849
Return on Investment	7%	11%	(2)%	5%	12%	9%	5%

WATER SUPPLY, USE, AND STORAGE: 1992 - 2001

Values in acre-feet

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
SUPPLY										
South Platte System:										
South Platte Direct Rights	**67,216**	78,106	138,421	118,924	119,689	75,280	109,674	61,177	61,014	76,334
South Platte Storage Rights	**43,142**	38,406	66,492	60,580	68,492	36,266	55,634	42,940	36,430	39,706
Bear Creek	**1,844**	908	-	-	47	14	154	569	214	111
Total South Platte System	**112,202**	117,420	204,913	179,504	188,228	111,560	165,462	104,686	97,658	116,151
Blue River/Roberts Tunnel System	**102,282**	102,750	54,064	48,384	92,174	89,268	98,176	90,479	135,770	89,573
Effluent Exchange[1]	**17,724**	16,492	5,864	11,444	6,250	19,682	12,824	29,430	20,256	15,190
Moffat System:										
Fraser Collection System	**51,288**	49,355	35,018	30,166	44,932	47,838	18,174	37,204	32,408	44,148
Williams Fork Collection System	**11,350**	3,612	278	2,534	2,692	1,508	26	-	460	-
Cabin-Meadow Creek System	**5,716**	6,406	570	3,680	2,820	3,068	5,252	7,104	3,652	4,800
South Boulder Creek	**2,810**	0	16,140	12,144	22,142	7,892	33,421	102	620	2
Ralston Creek	**132**	438	5,266	5,696	5,044	214	12,398	1,372	1,328	1,034
Total Moffat System	**71,296**	59,811	57,272	54,220	77,630	60,520	69,271	45,782	38,468	49,984
Total Water Supply	**303,504**	296,473	322,113	293,552	364,282	281,030	345,733	270,377	292,152	270,898
USE										
Foothills Filters	**141,780**	165,454	174,596	181,238	162,841	152,057	153,757	145,954	169,908	162,224
Marston Filters	**59,614**	47,463	26,667	15,574	26,874	20,750	16,877	43,216	39,215	38,175
Moffat Filters	**47,481**	43,031	29,915	40,949	41,491	57,206	29,634	45,758	13,612	23,646
Total Water Filtered	**248,875**	255,948	231,178	237,762	231,206	230,013	200,268	234,928	222,735	224,045
Change in Clear Water Storage	**(136)**	382	(291)	(17)	(2)	119	32	(107)	(47)	119
Total Treated Water Delivered[2]	**248,739**	256,330	230,887	237,745	231,204	230,132	200,300	234,821	222,688	224,164
Raw Water Deliveries	**29,040**	38,478	26,248	27,063	30,248	30,910	26,012	34,474	40,743	22,768
Operating Losses[3]	**17,084**	23,268	22,646	11,176	57,275	20,252	64,626	21,222	19,995	24,621
Evaporation Losses	**8,310**	8,995	1,711	6,879	1,878	6,154	2,207	10,961	8,236	9,952
Total Water Use	**303,173**	327,071	281,492	282,863	320,605	287,448	293,145	301,478	291,662	281,505
STORAGE										
Total Reservoir Storage, December 31	**458,477**	461,966	494,787	479,013	494,510	450,837	504,591	448,117	479,218	478,728
Total Reservoir Storage, January 1	**461,966**	494,787	479,013	494,510	450,837	504,591	448,117	479,218	478,728	489,335
Storage Gain or (Loss)	**-3,489**	(32,821)	15,774	(15,497)	43,673	(53,754)	56,474	(31,101)	490	(10,607)

[1]Initiated exchange programs for Blue River effluent on September 10, 1976.

[2]Total Treated Water Delivered is determined by adding or subtracting Change in Clear Water Storage from Total Water Filtered.

[3]Operating losses are computed. They include river carrying charges and losses between supply and distribution system measuring points, but do not include spills or by-passes attributable to the capacity limitations of facilities.

Pumping

2001 Facts

Water pumped - Current year	54,161.28	MG
Water pumped - Last year	47,953.92	MG
Percentage increase from last year	13%	
Number of pump stations	17	
Maximum pumping capacity	1,052.5	MGD
Pumping energy costs - Current year	$2,557,095	
Pumping energy costs - Last year	$2,001,013	
Percentage increase from last year	28%	

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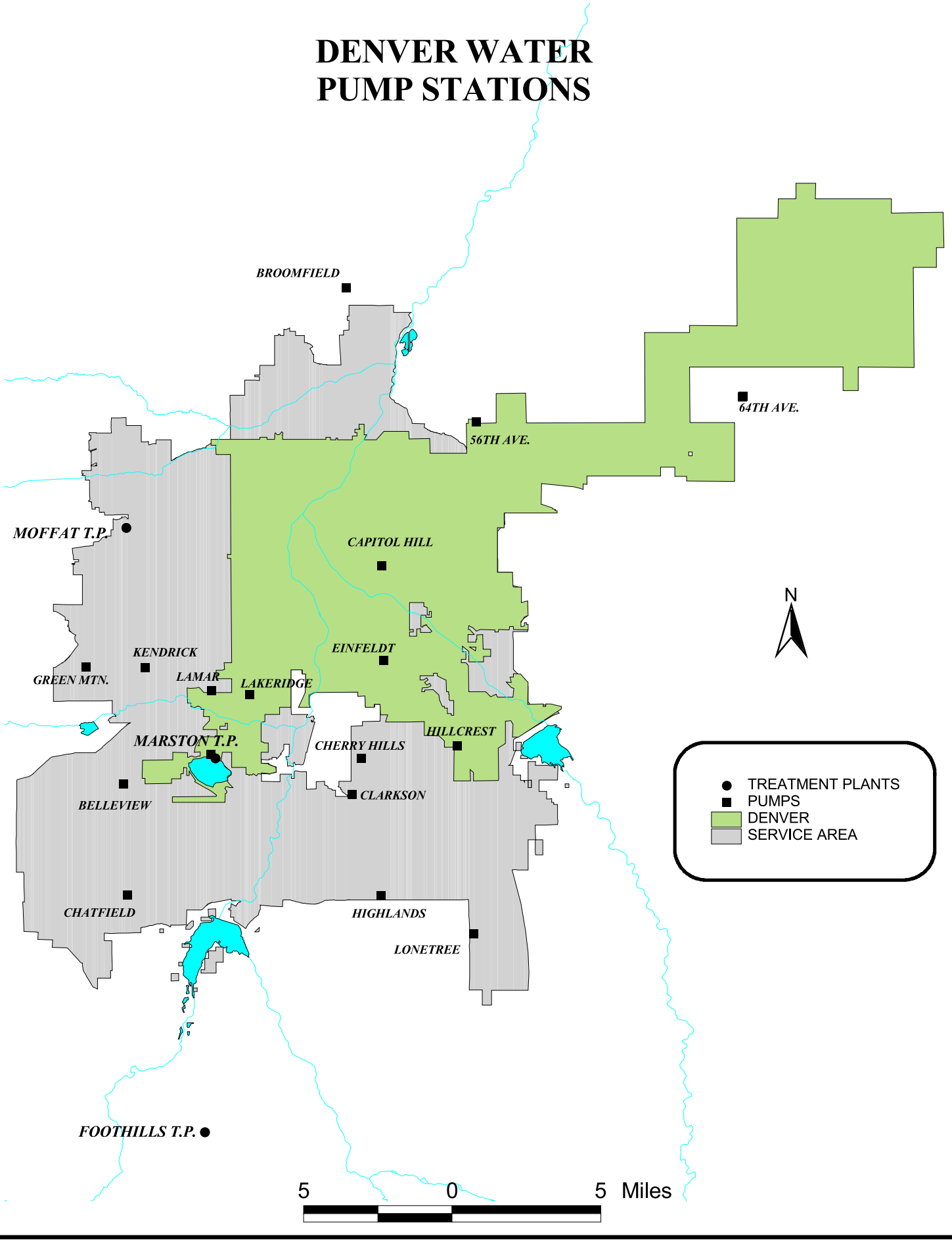
DENVER WATER PUMP STATIONS



PUMPING STATION CAPACITIES - 2001

Center of pump U.S.G.S. elevation in parentheses

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
BELLEVIEW (5,714)	4	Patterson	Ideal Electric	900	260	15.0	M R
11200W. Belleview Ave.	5	Worthington	Westinghouse	300	260	5.0	M R
	6	Worthington	General Electric	600	260	10.0	M R
	7	Worthington	General Electric	900	260	15.0	M R
				2,700		45.0	
BROOMFIELD (5,316)	1	Patterson	Ideal Electric	400	350	5.0	M R
9265 Washington St.	2	Patterson	Ideal Electric	400	350	5.0	M R
	3	Patterson	Ideal Electric	400	350	5.0	M R
				1,200		15.0	
CAPITOL HILL (5,387)	3	Wheeler Economy	General Electric	800	175	20.0	M R
1000 Elizabeth St.	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Cameron	General Electric	700	164	20.0	M R
	6	Byron Jackson	Westinghouse	600	175	17.0	M R
	7	Byron Jackson	Westinghouse	800	175	23.0	M R
				3,300		92.0	
CHATFIELD (5,717)	1	ITT	US Motor	200	150	5.0	M R
8371 Continental Divide Rd.	2	ITT	US Motor	200	150	5.0	M R
(Low Pressure)	3	ITT	US Motor	200	150	5.0	M R
				600		15.0	
CHATFIELD (5,717)	5	ITT	US Motor	400	320	5.0	M R
8371 Continental Divide Rd.	6	ITT	US Motor	400	320	5.0	M R
(High Pressure)				800		10.0	
CHERRY HILLS (5,380)	1	Worthington	General Electric	1,000	220	20.0	M R
1590 Radcliff Ave.	2	Worthington	General Electric	1,000	220	20.0	M R
	3	Worthington	General Electric	1,000	220	20.0	M R
	4	Worthington	General Electric	1,000	220	20.0	M R
	5	Worthington	General Electric	1,000	220	20.0	M R
	6	Worthington	General Electric	1,000	220	20.0	M R
				6,000		120.0	
CLARKSON STREET (5,482)[2]	1	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
5300 S. Clarkson St.	2	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	3	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	4	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	5	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
	6	Fairbanks Morse	Fairbanks Morse	150	234	2.1	M R
				900		12.6	
EINFELDT (5,341)	2	Wheeler Economy	General Electric	800	175	20.0	M R
1900 S. University Blvd.	3	Byron Jackson	General Electric	600	175	17.0	M R
	4	Byron Jackson	General Electric	400	175	12.0	M R
	5	Byron Jackson	Westinghouse	200	175	5.3	M R
	6	Worthington	Electric Machinery	800	175	20.0	M R
	7	Wheeler Economy	General Electric	800	175	20.0	M R
				3,600		94.3	

[1]M=Manual, R=Remote

[2]Vault Type Structure (underground)

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PUMPING STATION CAPACITIES - 2001 (Continued)

Center of pump U.S.G.S. elevation in parentheses

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
FIFTY-SIXTH AVENUE (5,203	2	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
7355 56th Ave.	3	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	4	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	5	Allis Chalmers	Ideal Electric	1,750	450	15.0	M R
	8	Gould	U.S. Motor	500	75	30.0	M R
	9	Gould	U.S. Motor	500	75	30.0	M R
				8,000		120.0	
GREEN MOUNTAIN (5,837)	1	Patterson	General Electric	700	260	10.0	M R
12400 W. Jewell Ave.	2	Patterson	General Electric	350	260	5.0	M R
	3	Patterson	General Electric	350	260	5.0	M R
	4	Patterson	General Electric	700	260	10.0	M R
				2,100		30.0	
HIGHLANDS (5,704)	1	Fairbanks Morse	General Electric	125	165	3.0	M R
(Low Pressure)	2	Fairbanks Morse	General Electric	125	165	3.0	M R
8100 S. University Blvd.	3	Fairbanks Morse	General Electric	125	165	3.0	M R
	4	Fairbanks Morse	General Electric	125	165	3.0	M R
	5	DeLaval	Ideal Electric	350	165	10.0	M R
	6	DeLaval	Ideal Electric	350	165	10.0	M R
	7	DeLaval	Ideal Electric	350	165	10.0	M R
				1,550		42.0	
HIGHLANDS (5,704)	1	Gould	General Electric	900	260	15.0	M R
(High Pressure)	4	Gould	General Electric	900	260	15.0	M R
8100 S. University Blvd.	6	Gould	General Electric	300	110	10.0	M R
	7	Gould	General Electric	300	110	10.0	M R
	8	Gould	General Electric	150	110	5.0	M R
	9	Gould	General Electric	150	110	5.0	M R
				2,700		60.0	
HILLCREST (5,602)	1	Allis Chalmers	Allis Chalmers	50	169	1.0	M R
(Low Pressure)	2	Allis Chalmers	Allis Chalmers	100	167	2.0	M R
4200 S. Happy Canyon Rd.	3	DeLaval	Electric Machinery	200	163	5.0	M R
	4	DeLaval	Electric Machinery	400	163	11.0	M R
	5	DeLaval	Electric Machinery	400	163	11.0	M R
	6	Worthington	Fairbanks Morse	400	163	11.0	M R
	7	Worthington	Fairbanks Morse	400	163	11.0	M R
				1,950		52.0	
HILLCREST (5,602)	8	American Marsh	Westinghouse	75	320	0.8	M R
(High Pressure)	9	DeLaval	Electric Machinery	200	318	2.5	M R
4200 S. Happy Canyon Rd.	10	DeLaval	Electric Machinery	350	313	4.8	M R
	11	DeLaval	Electric Machinery	800	315	10.5	M R
	12	DeLaval	Electric Machinery	800	315	10.5	M R
	13	Patterson	Ideal Electric	900	320	10.0	M R
				3,125		39.1	
KENDRICK (5,607)	1	Patterson	Ideal Electric	300	120	10.0	M R
(Low Pressure)	2	DeLaval	General Electric	300	117	10.0	M R
9380 W. Jewell Ave.	3	Worthington	General Electric	75	119	2.9	M R
	4	Worthington	General Electric	75	119	2.9	M R
	5	Worthington	General Electric	75	119	2.9	M R
				825		28.7	

[1]M=Manual, R=Remote

(Continued next page)

PUMPING STATION CAPACITIES - 2001 (Continued)

Center of pump U.S.G.S. elevation in parentheses

Pump Station/Elevation	Pump Number	Make of Pump	Make of Motor	Horse-power	Head in Feet	Capacity in MGD	Method of Operation[1]
KENDRICK (5,607)	7	Worthington	Electric Machinery	800	260	10.0	M R
(High Pressure)	8	Worthington	Electric Machinery	800	260	10.0	M R
9380 W. Jewell Ave.	9	Patterson	Waukesha[3]	700	260	10.0	M R
	10	DeLaval	Waukesha[3]	400	260	5.0	M
	11	Patterson	Ideal Electric	700	260	10.0	M R
				3,400		45.0	
LAKERIDGE (5,516)	1	American	United States	50	120	1.7	M R
2700 S. Raleigh St.	2	Pacific	Ideal Electric	75	120	2.9	M R
	3	Pacific	Ideal Electric	75	120	2.9	M R
	4	Allis Chalmers	Allis Chalmers	50	120	2.0	M R
				250		9.5	
LAMAR (5,443)[2]	1	Worthington	Marathon Electric	100	120	2.9	M R
6301 W. Yale Ave.	2	Worthington	Marathon Electric	100	120	2.9	M R
	3	Worthington	Fairbanks Morse	75	120	2.0	M R
				275		7.8	
LONE TREE (5,904)	3	Gould	Siemens & Allis	300	127	10.0	M R
(Low Pressure)	4	Gould	Siemens & Allis	150	127	5.0	M R
7700 E. Chapparel Rd.	5	Gould	Siemens & Allis	150	127	5.0	M R
				600		20.0	
LONE TREE (5,904)	6	Gould	Siemens & Allis	300	227	5.0	M R
(High Pressure)	7	Gould	Siemens & Allis	600	227	10.0	M R
7700 E. Chapparel Rd.	8	Gould	Siemens & Allis	600	227	10.0	M R
				1,500		25.0	
MARSTON (5,485)	1	Worthington	Waukesha[3]	700	166	20.0	M R
(Low Pressure)	2	Worthington	General Electric	700	166	20.0	M R
5700 W. Quincy Ave.	3	Worthington	General Electric	700	166	20.0	M R
	4	Worthington	General Electric	700	166	20.0	M R
	5	Worthington	General Electric	700	166	20.0	M R
				3,500		100.0	
MARSTON (5,485)							
(High Pressure)							
5700 W. Quincy Ave.	8	Patterson	Waukesha[3]	400	260	6.5	M R
	9	Ingersoll-Rand	Reliance Electric	500	260	8.0	M R
	10	Patterson	Ideal Electric	900	260	15.0	M R
	11	Patterson	Ideal Electric	900	260	15.0	M R
				2,700		44.5	
SIXTY-FOURTH AVENUE (5,427)	3	Fairbanks Morse	United States	100	90	5.0	M R
(Low Pressure)	6	Fairbanks Morse	United States	200	90	10.0	M R
21850 E. 64th Ave.				300		15.0	
SIXTY-FOURTH AVENUE (5,427)	1	Fairbanks Morse	United States	400	170	10.0	M R
(High Pressure)							
21850 E. 64th Ave.							
			Grand Total	52,275		1,052.5	

Note: City Datum = 5,172.91

[1]M=Manual, R=Remote

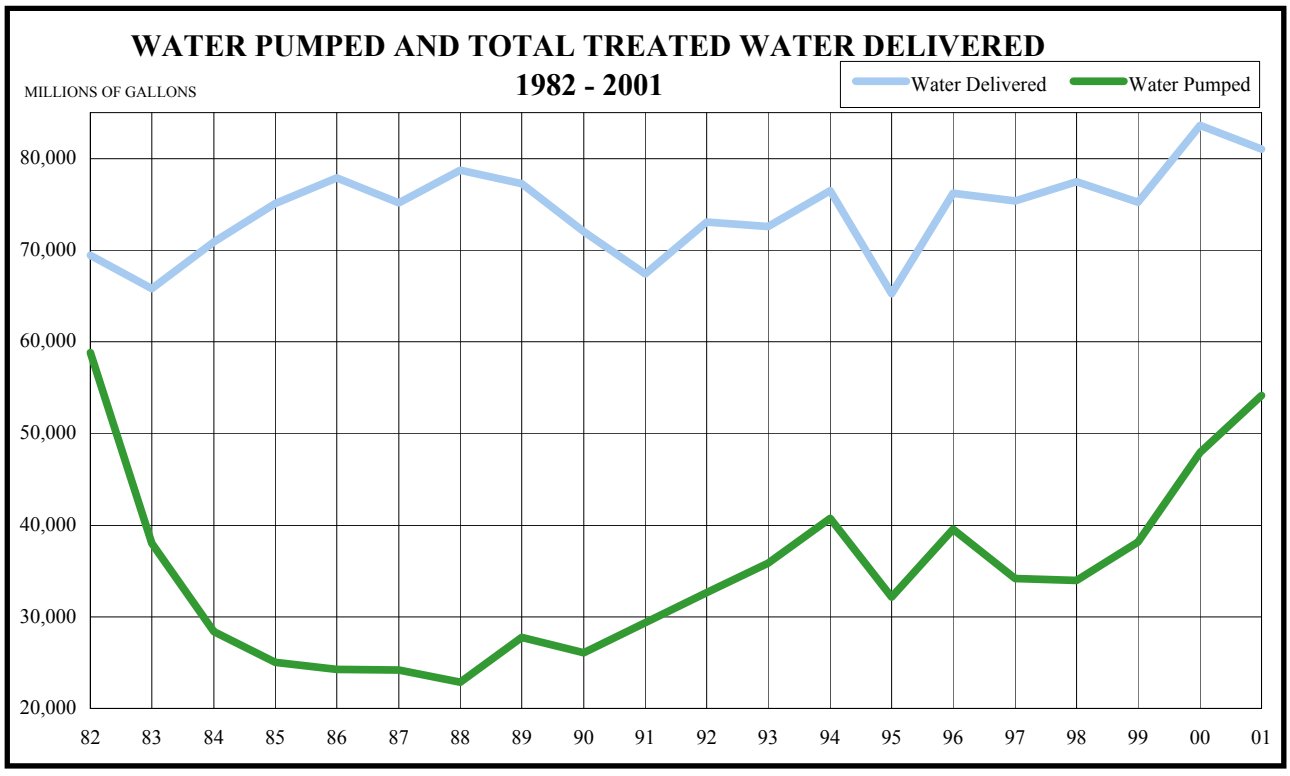
[2]Vault Type Structure (underground)

[3]Natural Gas Engine

WATER PUMPED AND POWER COSTS: 1982 - 2001

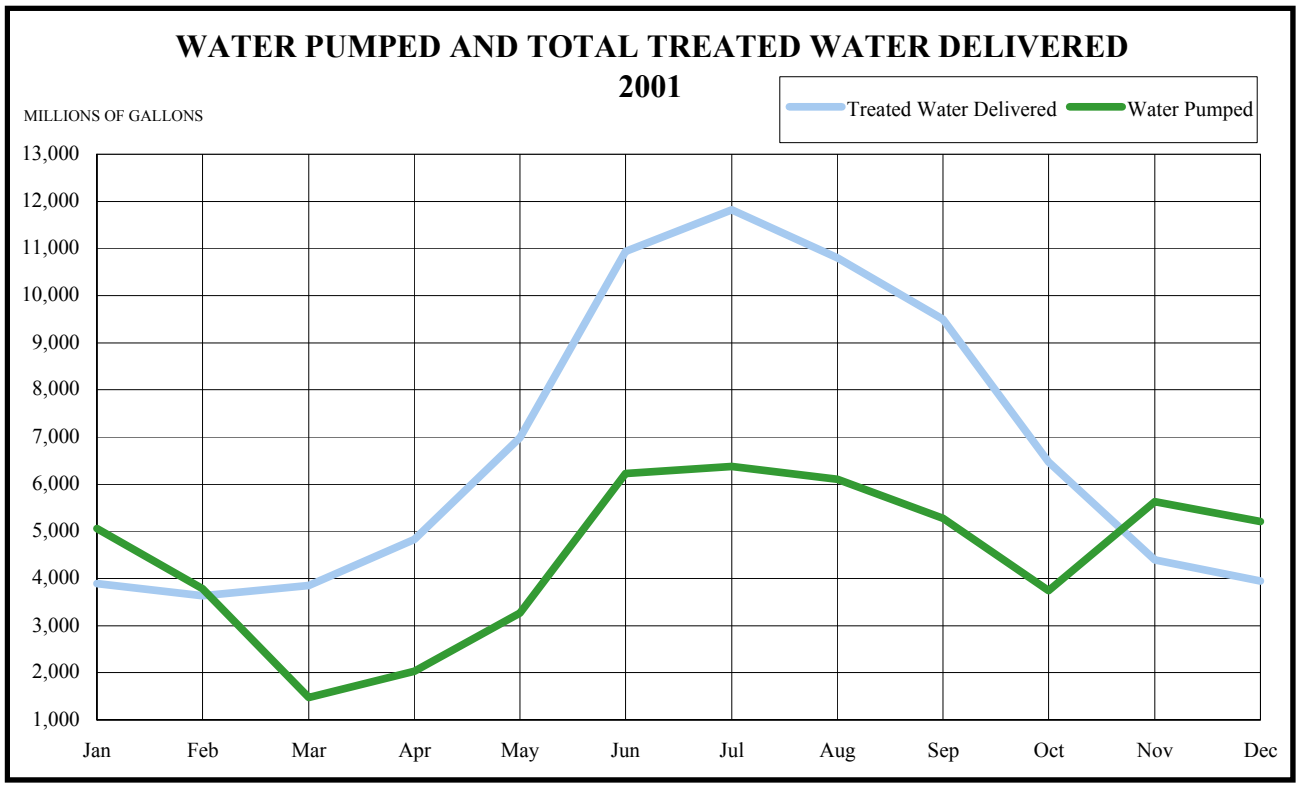
Year	Water Pumped (million gals.)	Total Treated Water Delivered (million gals.)	Pumps Number	Pumps Capacity (million gals.)	Total Pumping Power Used (kwh)	Gas Used (dth)	Total Power, Electric and Gas Costs[1]
1982	58,834.39	69,415.05	139	1,100.1	60,232,436	-	$3,391,148
1983	38,010.33	65,815.78	131	1,109.4	41,763,645	-	$2,204,291
1984	28,378.59	70,930.52	121	1,088.1	36,468,802	-	$2,316,083
1985	25,000.29	75,100.00	128	1,182.2	34,963,885	-	$2,114,549
1986	24,237.58	77,887.63	129	1,203.6	27,464,812	-	$1,895,623
1987	24,158.20	75,162.49	127	1,201.8	28,220,134	-	$1,818,839
1988	22,870.50	78,718.55	118	1,156.8	23,762,950	-	$1,572,461
1989	27,724.95	77,262.29	118	1,156.8	27,181,894	-	$1,859,268
1990	26,089.81	72,043.94	113	1,091.8	27,734,829	-	$1,814,124
1991	29,349.37	67,435.91	113	1,091.8	27,167,261	-	$1,778,200[2]
1992	32,613.51	73,043.27	113	1,091.8	29,349,535	-	$1,782,578[2]
1993	35,826.13	72,562.61	113	1,091.8	31,537,298	-	$1,800,790
1994	40,720.24	76,516.08	116	1,116.8	36,619,984	-	$1,949,520
1995	32,115.03	65,267.91	116	1,116.8	30,722,542	-	$1,783,567
1996	39,578.30	76,203.96	105	1,027.5	40,222,555	-	$2,638,872
1997	34,179.67	75,363.33	105	1,027.5	31,876,334	23,055	$1,997,924
1998	33,990.21	77,466.65	105	1,027.5	30,170,882	38,331	$1,881,873
1999	38,149.92	75,232.01	106	1,052.5	33,378,202	18,927	$1,915,984
2000	47,953.92	83,585.25	106	1,052.5	39,257,987	20,159	$2,166,806
2001	54,161.28	81,051.42	106	1,052.5	42,691,836	15,096	$2,774,857

[1]Total energy costs for all Denver metropolitan area Board water distribution facilities.
[2]Foothills Treatment Plant out of service from October 16, 1989 through March 2, 1990.



WATER PUMPED MONTHLY - 2001
(millions of gallons)

	Water Pumped	Total Treated Water Delivered		Water Pumped	Total Treated Water Delivered
January	5,054.50	3,895.91	August	6,097.50	10,798.86
February	3,778.35	3,627.10	September	5,275.49	9,504.31
March	1,474.33	3,844.06	October	3,745.45	6,465.46
April	2,033.11	4,824.08	November	5,629.64	4,389.96
May	3,262.51	6,992.16	December	5,208.03	3,951.48
June	6,228.44	10,938.12			
July	6,373.93	11,819.92	Total Year	54,161.28	81,051.42



WATER PUMPED BY STATION - 2001
(millions of gallons)

Belleview	5,021.73	Hillcrest (High)	1,846.62
Broomfield	1,366.35	Kendrick (Low)	960.25
Capital Hill	312.89	Kendrick (High)	3,108.38
Chatfield (Low)	1,291.75	Lakeridge	922.29
Chatfield (High)	947.03	Lamar	770.27
Cherry Hills	7,191.89	Lone Tree	1,586.38
Clarkson Street	816.72	Marston (Low)	3,411.47
Einfeldt	753.21	Marston (High)	5,558.08
Fifty-Sixth Avenue	1,897.88	Sixty-Fourth Ave. (High)	108.88
Green Mountain	2,021.31	Sixty-Fourth Ave. (Low)	248.68
Highlands (Low)	4,123.38		
Highlands (High)	6,170.45	Total	54,161.28
Hillcrest (Low)	3,725.39		

DISTRIBUTING RESERVOIRS AND RAW WATER PUMPING STATIONS - 2001

High water U.S.G.S. elevation in parenthese

	Capacity (million gals.)
Alameda & Beech (6,042)[1]	
Number 1	1.0
Number 2	2.0
	3.0
Ashland (5,430)	
East Basin	19.1
West Basin	21.9
	41.0
Belleview (5,743)	10.0
Broomfield (5,335)	
Number 1	2.5
Number 2	2.5
	5.0
Broomfield Tank (5,491)[1]	3.0
Capitol Hill (5,395)	
Number 1	23.4
Number 2	29.8
Number 3	27.0
	80.2
Chatfield Tank (5,740)	
Number 1	5.0
Number 2	5.0
	10.0
Colorow (6006)	3.7
Fifty-Sixth Avenue (5,223)	15.0
Foothills (5,860)	
Number 1	25.0
Number 2	25.0
	50.0
Green Mountain (5,859)	5.0
Highlands (5,722)	
Number 1	3.3
Number 2	3.2
Number 3	13.5
	20.0

	Capacity (million gals.)
Hillcrest (5,624)	
Number 1	14.8
Number 2	14.8
	29.6
Hogback (6,007)	3.95
KenCaryl Ranch (6,410)[1]	
Number 3	2.0
Number 4	2.0
	4.0
Kendrick (5,627)	15.0
Lone Tree (5,930)	10.0
Marston Treatment (5,497)	
Number 3	6.8
Number 4	9.2
	16.0
Moffat Treatment (5,620)	
Number 1	4.3
Number 2	4.3
Number 3	5.0
Number 4	4.4
	18.0
Sixty-Fourth Avenue (5,460)	15.0
Southgate (6,123)[1]	
Number 1	2.0
Number 2	6.0
	8.0
Utah Tank (6,042)[1]	3.0
Valley Tank (6,000)[1]	2.0
Willows Tank (5,868)[1]	
Number 1	2.8
Number 2	5.2
	8.0
Total Capacity	378.45

[1]Not Owned by Denver Water.

RAW WATER PUMPING STATIONS

Pump Station	Pump Number	Make of Pump	Make of Motor	Horse-Power	Head in Feet	Capacity in MGD
Last Chance	1	Worthington	General Electric	30	60	2.2
Metro Sewer	1	Peerless	United States	200	30	30.0
	2	Peerless	General Electric	200	30	30.0
	3	Peerless	General Electric	200	30	30.0
				600	90	90.0
			Total	630	150	92.2

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Treatment and Water Quality

2001 Facts

Treated water consumption	81,054.72	MG
Decrease from 2000	2,530.53	MG
Average daily consumption	222.07	MG
Maximum daily consumption:		
(July 2)	488.71	MG
Maximum hour treated water use rate:		
(July 2, at 10:00 p.m.)	716.86	MGD
Water Quality:		
Total samples collected	9,866	
Microbiological analyses completed	7,741	
Chemical analyses completed	26,294	

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CONSUMPTION OF TREATED WATER: 1982 - 2001

		(million gallons)			Population	Avg. Daily Gals.	Precipitation in Inches[2]	
Year	Acre-Feet	Annual	Daily Avg.	Daily Max.	July 1[1]	Per Capita	Year	4/1 to 9/30
1982	209,975	68,420.66[3]	187.45	494.56[3]	856,000	219[3]	17.39	12.47
1983	202,325	65,927.77	180.62	433.29	863,000	209	23.87	15.22
1984	217,682	70,931.87	193.80	485.04	862000[4]	225	19.65	11.28
1985	233,141	75,969.34	208.14	490.84	870,000	239	16.74	11.77
1986	239,039	77,891.17	213.40	505.80	875,000	244	15.62	9.65
1987	230,665	75,162.49	205.92	518.55	879,000	234	22.37	13.08
1988	241,578	78,718.55	215.08	477.65	879,000	245	15.59	11.71
1989	237,342	77,338.15	211.89	553.29	887,000	239	14.69	10.86
1990	221,095	72,043.94	197.38	507.12	891,000	222	17.14	9.60
1991	206,953	67,435.91	184.76	414.79	908,000	203	18.97	14.02
1992	224,162	73,043.27	199.57	414.11	926,000	216	16.35	8.83
1993	222,686	72,562.61	198.80	438.20	943,000	211	15.22	9.39
1994	234,819	76,516.08	209.63	479.01	960,000	218	12.79	7.80
1995	200,300	65,267.91	178.82	453.55	977,000	183	20.56	17.63
1996	233,861	76,203.96	208.21	456.99	995,000	210	14.78	11.25
1997	231,282	75,363.33	206.47	517.57	1,012,000	204	19.95	14.44
1998	237,764	77,475.48	212.26	512.53	1,029,000	206	17.98	13.18
1999	230,879	75,232.01	206.12	475.66	1,046,000	197	19.76	16.86
2000	256,514	83,585.25	228.38	478.19	1,064,000	215	14.29	10.15
2001	248,748	81,054.72	222.07	488.71	1,081,000	205	16.93	12.72

[1]Population estimates are treated water customers only. Revised data from 1992 to 2000 are interpolated from analysis of the 2000 Census.

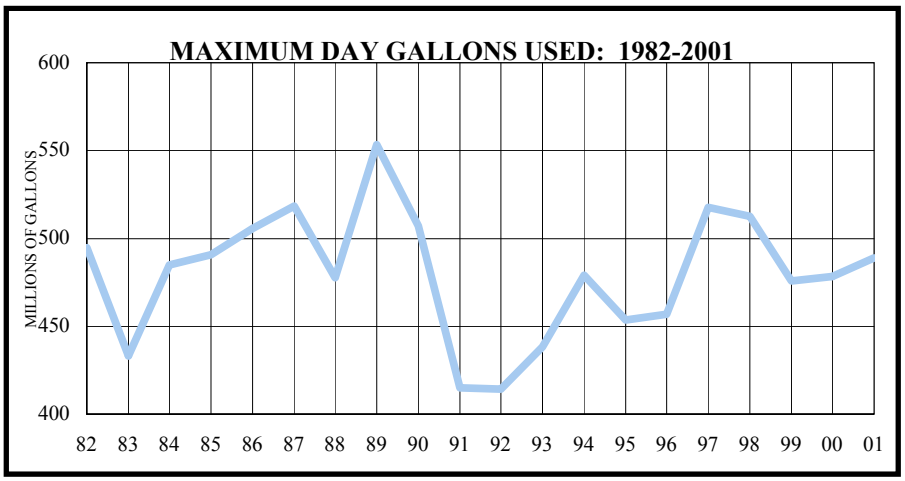
[2]Precipitation readings are the averages of Stapleton, Lakewood, Cherry Creek Dam, and Kassler measurement stations.

[3]Annual consumption includes 1,082.93 mg sold during 1982 when Aurora's raw water conduit was out of service due to Denver's Foothills Project construction. These amounts were subtracted from the listed annual consumption totals in computing the average daily gallons per capita figures.

[4]Population decrease due to loss of Sable District from the system.

TREATMENT PLANT CAPACITY

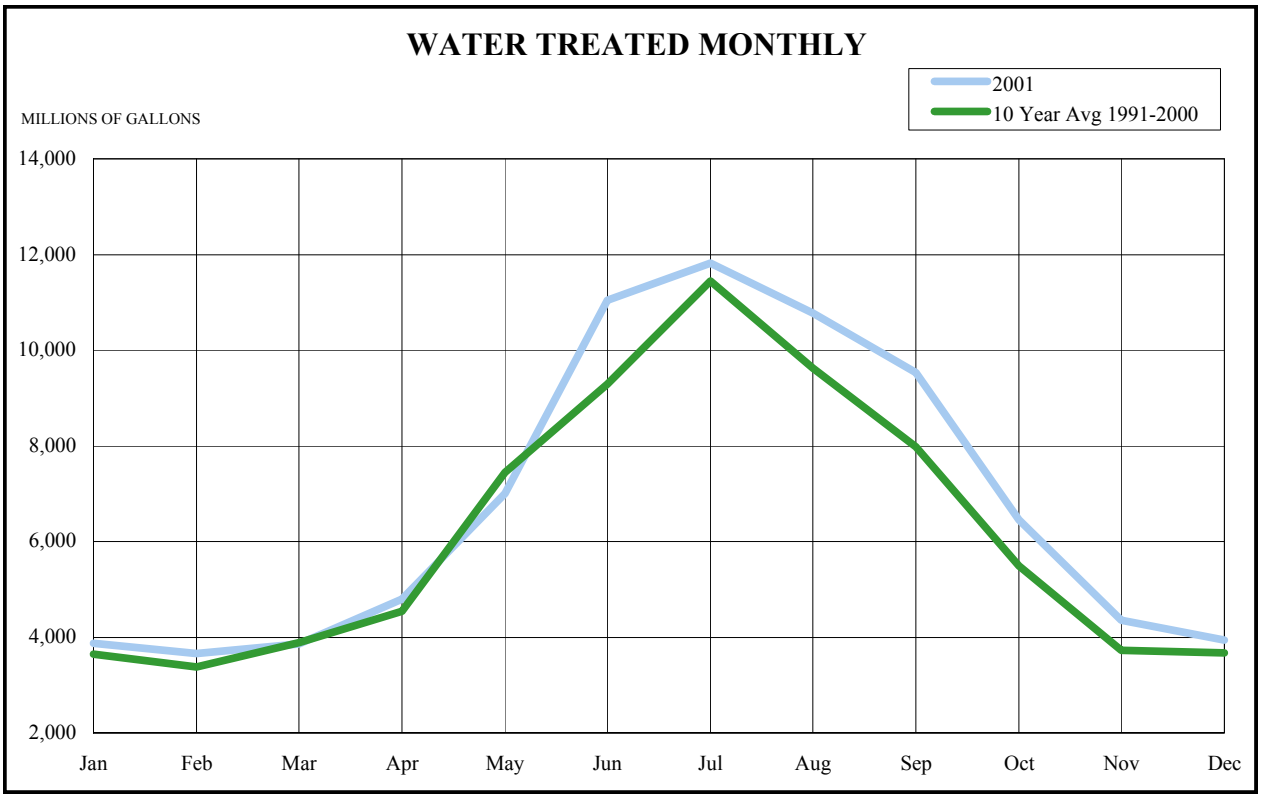
Plant	Type	Capacity in MGD
Foothills	Dual-Media	280.0
Marston	Dual-Media	180.0
Moffat	Rapid Sand	185.0
		645.0



WATER TREATED MONTHLY - 2001
(millions of gallons)

	Foothills Filters	Marston Filters	Moffat Filters	Total
January	0.00	2,925.07	946.62	3,871.69
February	597.60	1,981.36	1,076.67	3,655.63
March	2,845.98	71.40	939.79	3,857.17
April	4,063.05	-	733.81	4,796.86
May	5,625.58	358.76	1,023.39	7,007.73
June	7,595.50	1,307.49	2,144.78	11,047.77
July	7,664.00	1,464.13	2,687.65	11,815.78
August	7,631.60	1,801.17	1,338.92	10,771.69
September	6,713.47	1,678.08	1,141.69	9,533.24
October	3,460.60	1,901.99	1,085.90	6,448.49
November	-	2,979.97	1,369.85	4,349.82
December	-	2,955.16	982.22	3,937.38
Total	46,197.38	19,424.58	15,471.29	81,093.25

Note: Totals are based on multiple totalizer meter readings at various treatment plant sites. The accuracy of the readings varies within the limits inherent to each water meter.



Total Water Treated for the Year	81,093.25	MG
Change In Clear Water Storage	(41.83)	MG
Total Treated Water Delivered for the Year	81,051.42	MG

CHEMICAL TREATMENT AND ANALYSIS:
TREATED WATER IN DISTRIBUTION SYSTEM - 2001

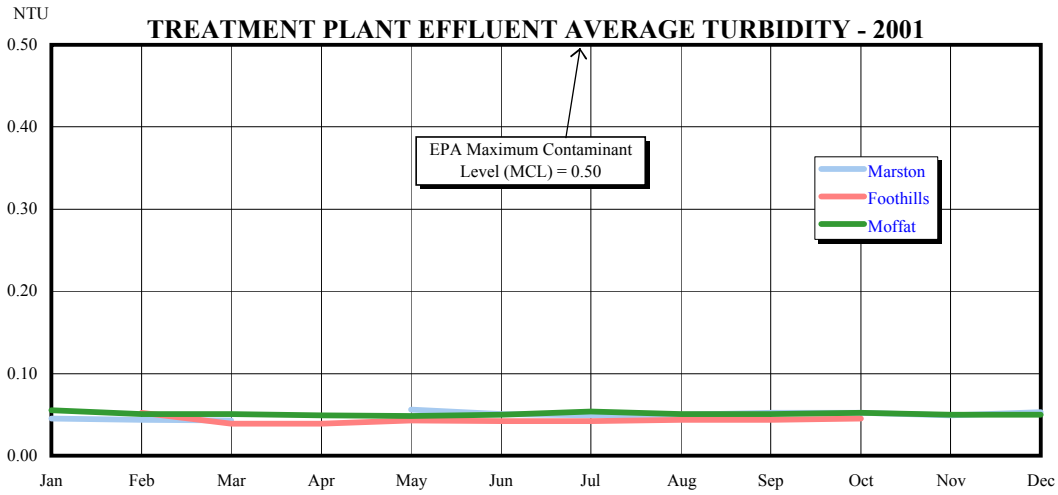
CHEMICAL TREATMENT

	Pounds of Chemicals Used				
	Foothills	Moffat	Marston	Total	Total Cost
Aluminum Sulfate (Liquid Alum)	14,750,334	6,018,014	6,532,980	27,301,328	$927,393
Ammonium Hydroxide (Aqua Ammonia)	524,124	202,969	258,666	985,759	72,059
Chlorine, Liquid	1,012,500	282,625	399,919	1,695,044	234,695
Caustic Soda	4,947,855	1,352,400	1,914,823	8,215,078	780,379
Sodium Silicofluoride	209,148	194,122	83,040	486,310	127,576
Polymer (Cationic)	692,174	221,160	404,758	1,318,092	593,141
Polymer (Nonionic)	27,941	45,626	4,887	78,454	109,279
Polymer (Dry)	-	-	4,643	4,643	13,000
Soda Ash	-	27,350	-	27,350	1,545
Hydrated Lime	-	546,870	-	546,870	35,410
Carbon Dioxide	-	56,000	-	56,000	2,364
Activated Carbon	-	-	4,800	4,800	3,744
Potassium Permanganate	-	-	44,172	44,172	56,098
Total Cost	22,164,076	8,947,136	9,652,688	40,763,900	$2,956,683

DISTRIBUTION SYSTEM & TREATMENT PLANT EFFLUENT TOTAL COLIFORM RESULTS

Month	Number of Samples	Number of Positives	% Positive
January	519	0	0.00%
February	438	1	0.23%
March	546	0	0.00%
April	541	0	0.00%
May	581	1	0.17%
June	394	1	0.25%
July	410	1	0.24%
August	374	0	0.00%
September	358	1	0.28%
October	418	3	0.72%
November	322	0	0.00%
December	326	1	0.31%
	5,227	9	0.17%

The total coliform group of bacteria is a microbiological indicator used to determine the safety of drinking water for human consumption. The EPA and the Colorado Department of Public Health and Environment require that Denver Water test a minimum of 300 treated water samples each month for total coliforms. The Maximum Contaminant Level (MCL) for total coliform specifies that no more than 5% of the samples taken each month may be positive. All positive samples were further analyzed to determine if E. coli bacteria were present, which would indicate possible contamination from a fecal source. There were no positive E. coli samples in 2001.



Turbidity is a measure of the clarity of the water. EPA has established 0.50 NTU as the MCL for turbidity

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2001

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
General (mg/L)				
Alkalinity, Total as $CaCO_3$		59	58	22
Chlorine, Total		1.51	1.43	1.56
Hardness as $CaCO_3$		106	103	33
Monochloramine as Cl_2		1.47	1.25	1.48
pH (SU)		7.7	7.8	7.8
Specific Conductance (µS)		319	301	96
Temperature (°C)		12	12	11
Total Dissolved Solids		196	188	57
Turbidity (NTU)	0.50	0.04	0.04	0.05
Metals (mg/L)				
Aluminum, Available		0.03	0.03	<0.02
Aluminum, Total		0.08	0.04	<0.09
Barium, Total	2	0.04	0.05	0.02
Calcium		33	30.8	9.8
Copper, Total	TT[1]	<0.005	0.020	<0.005
Iron, Total		<0.01	0.01	<0.07
Magnesium		7.9	7.3	1.8
Manganese, Total		0.008	0.008	<0.005
Molybdenum, Total		0.030	0.028	<0.005
Potassium		2.1	2.0	0.7
Sodium		20	18.0	6.8
Strontium		0.19	0.19	0.036
Ions (mg/L)				
Chloride		23.0	21.0	3.2
Fluoride	4.0	0.88	0.85	0.80
Nitrate-Nitrogen	10	0.09	0.13	0.05
Silicon Dioxide		5.6	5.6	6.5
Sulfate		60.7	57.1	18.0

(Continued next page)

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2001 (Continued)

Analysis	Maximum Contaminant Level (MCL)	Marston	Foothills	Moffat
Radiological (pCi/L)				
Beta, Total	4 mRem= 50 pCi/L	3	2	2
Uranium (mg/L)		0.0009	0.0008	0.0008
Microbiological				
m-Heterotrophic Plate Count (CFU/mL)		8.4	0.11	0.89
Disinfection By-Products (µg/L)				
1,1,1-Trichloropropanone		0.8	1.3	0.9
1,1-Dichloropropanone		0.6	0.6	0.4
Bromochloroacetic acid		1.7	1.7	<0.5
Bromochloroacetonitrile		0.5	0.4	<0.2
Bromodichloroacetic acid		2.3	2.0	<1
Bromodichloromethane		4.7	7.4	1.6
Bromoform		<0.5	<0.5	<0.05
Chloral hydrate		0.8	1.8	0.8
Chlorodibromoacetic acid		<2	<2	<2
Chloroform		6.4	17.7	11.2
Cyanogen chloride		1.7	4.7	3.3
Dibromochloromethane		2.0	1.5	<0.5
Dichloroacetic acid		3.6	8.0	5.6
Dichloroacetonitrile		1.0	1.5	0.9
Haloacetic Acids (5)		8	19	12
Total Trihalomethanes	80	13	27	13
Trichloroacetic acid		4.1	10.4	6.1
Nonspecific Organics				
Total Organic Carbon (mg/L)		1.4	1.9	1.2
Total Organic Halogen (µg/L)		99	140	88
UV Absorbance @ 254nm (AU)		0.023	0.024	-

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

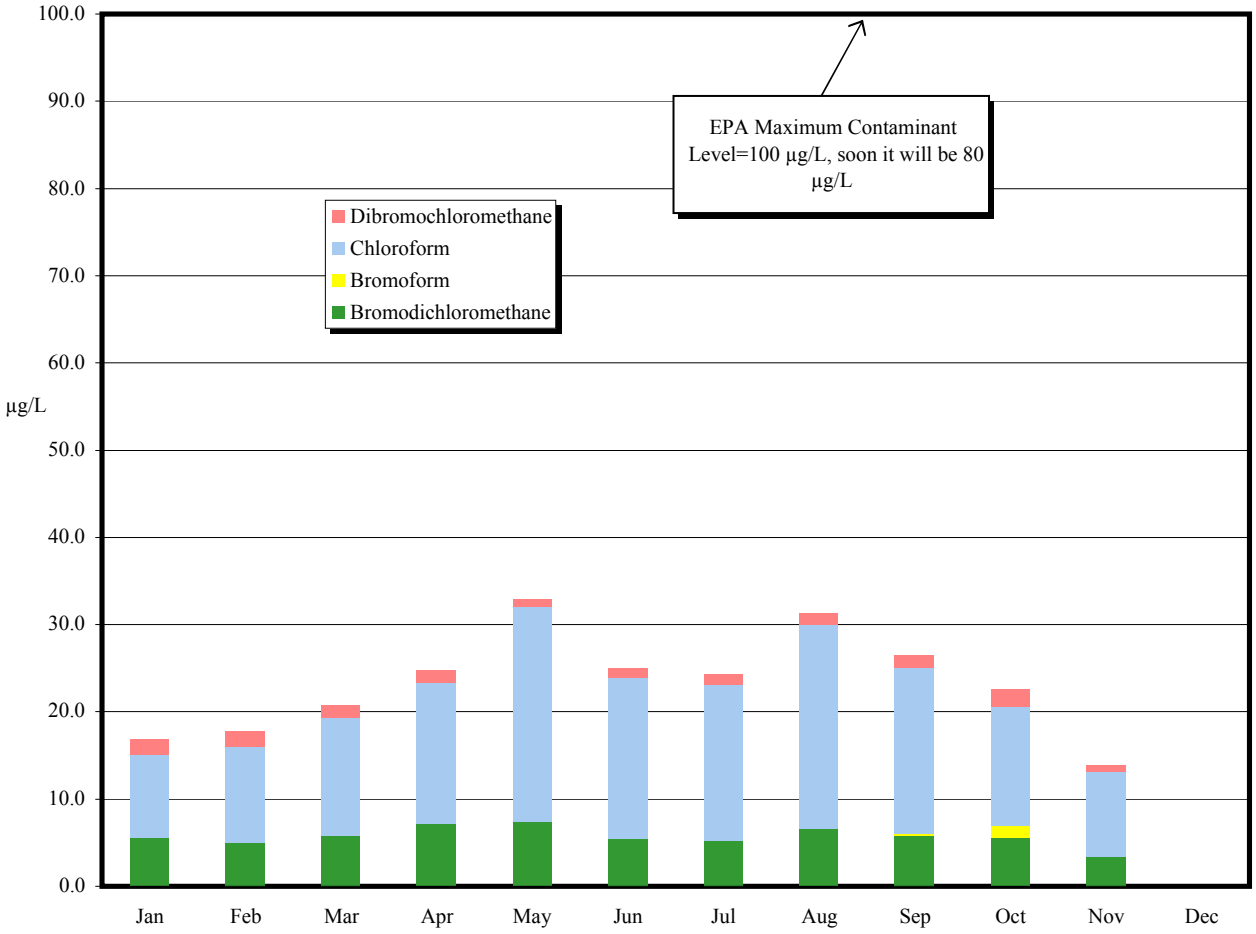
TREATED WATER QUALITY SUMMARY:
TREATMENT PLANT EFFLUENT AVERAGES - 2001

The following analyses were performed and each of these constituents was either not detected or the average result was less than the limit of detection. The Maximum Contaminant Level is listed after the analysis in parentheses, if applicable. The unit of measure is also listed if different than that listed for the subsection.

General
Chlorine, Free
Metals (mg/L)
Antimony, Total (0.006)
Arsenic, Total (0.05)
Beryllium, Total (0.004)
Cadmium, Total (0.005)
Chromium, Total (0.1)
Lead, Total (TT[1])
Mercury, Total (0.002)
Nickel, Total (0.1)
Selenium, Total (0.05)
Silver, Total
Thallium, Total (0.002)
Zinc
Ions (mg/L)
Ammonia-Nitrogen
Bromide
Nitrite-Nitrogen (1)
Ortho Phosphorus, Dissolved
Radiological (pCi/L)
Alpha, Total (15)
Plutonium 239 + 240
Radium-226, 228
Radon
Strontium 89 + 90
Microbiological
Cryptosporidium
Giardia (TT[1])
Plankton
Total Coliform (DS)
Volatile Organic Compounds (µg/L)
1,1,1,2-Tetrachloroethane
1,1,1-Trichloroethane (200)
1,1,2,2-Tetrachloroethane
1,1,2-Trichloroethane (5)
1,1-Dichloroethane
1,1-Dichloroethene (7)
1,1-Dichloropropene
1,2,3-Trichlorobenzene
1,2,3-Trichloropropane
1,2,3-Trimethylbenzene
1,2,4-Trichlorobenzene (70)
1,2,4-Trimethylbenzene
1,2-Dichloroethane (5)
1,2-Dichloropropane (5)
1,2-Dichloropropene
1,3-Dichloropropene
1,3,5-Trimethylbenzene
1,3-Dichloropropane
1-Chlorobutane
2,2-Dichloropropane
2-Butanone
2-Hexanone
2-Nitropropane
4-Methyl-2-Pentanone
Acetone
Acrylonitrile
Allyl chloride
Benzene (5)
Bromobenzene
Bromochloromethane
Bromomethane
Carbon disulfide
Chloroacetonitrile
Chlorobenzene (100)
Chloroethane
Chloromethane
cis-1,2-Dichloroethene (70)
cis-1,3-Dichloropropene
Dibromomethane
Dichlorodifluoromethane
Dichloromethane (5)
Diethyl ether
Ethyl Benzene (700)
Ethyl methacrylate
Hexachlorobutadiene
Hexachloroethane
Iodomethane
Isopropyl Benzene
m-Dichlorobenzene
Methacrylonitrile
Methyl tert-butylether
Methylacrylate
Methylmethacrylate
Naphthalene
n-Butyl Benzene
Nitrobenzene
n-Propyl Benzene
o-Chlorotoluene
o-Dichlorobenzene (600)
p-Chlorotoluene
p-Dichlorobenzene (78.5)
Pentachloroethane
p-Isopropyl Toluene
Propionitrile
sec-Butyl Benzene
Styrene (100)
tert-Butyl Benzene
Tetrachloroethene (5)
Tetrahydrofuran
Toluene (1000)
trans-1,2-Dichloroethene (100)
trans-1,3-Dichloropropene
trans-1,4-Dichloro-2-butene
Trichloroethylene (5)
Trichlorofluoromethane
Vinyl acetate
Vinyl Chloride (2)
Xylenes (10000)
Disinfection By-Products (µg/L)
Carbon tetrachloride (5)
Chloropicrin
Dibromoacetic acid
Dibromoacetonitrile
Monobromoacetic Acid
Monochloroacetic Acid
Trichloroacetonitrile
Pesticides (µg/L)
1,2-Dibromo-3-chloropropane (0.2)
2,4,5-T
2,4-D (70)
2,4-DB
3,5-Dichlorobenzoic acid
3-Hydroxycarbofuran
4,4'-DDD
4,4'-DDE
4,4'-DDT
4-Nitrophenol
α-BHC
Acetochlor
Acifluourfen
Alachlor (2)
Aldicarb
Aldicarb sulfone
Aldicarb sulfoxide
Aldrin
Ametryn
Atraton
Atrazine (3)
β-BHC
Bentazon
Bromacil
Butachlor
Butylate
Carbaryl
Carbofuran (40)
Chloramben
Chlordane (2)
Chlorneb
Chlorobenzilate
Chlorothalonil
Chlorpropham
cis-Permethrin
Cyanazine
Cycloate
Dacthal
Dalapon (200)
δ-BHC
Dicamba
Dichlorprop
Dichlorvos
Dieldrin
Dinoseb (7)
Diphenamid
Diquat (100)
Dursban
Endosulfan sulfate
Endosulfan-A
Endosulfan-B
Endothall (100)
Endrin (2)
Endrin Aldehyde
EPTC
Ethoprop
Ethylene dibromide (0.05)
Etridiazole
Fenarimol
Fluridone
Glyphosate (700)
Heptachlor (0.4)
Heptachlor Epoxide (0.2)
Hexachlorocyclopentadiene (50)
Hexazinone
Lindane (0.2)
Malathion
Methiocarb
Methomyl
Methoxychlor (40)
Methyl paraoxon
Metolachlor
Metribuzin
Mevinphos
MGK-264
Mirex
Molinate
Napropamide
Oxamyl (200)
Paraquat
Pebulate
Picloram (500)
Prometon
Prometryn
Pronamide
Propachlor
Propazine
Propoxur
Silvex (50)
Simazine (4)
Simetryn
Stirofos
Tebuthiuron
Terbacil
Terbutryn
Toxaphene (3)
trans-Permethrin
Triademefon
Tricyclazole
Trifluralin
Vernolate
Synthetic Organic Compounds (µg/L)
1,2,4,5-Tetrachlorobenzene
2,2,4,4-Tetrachlorobiphenyl
2,3-Dichlorobiphenyl
2,4-Dinitrotoluene
2,4,5-Trichlorobiphenyl
2-Chlorobiphenyl
Acenaphthylene
Anthracene
Benzo(a)anthracene
Benzo(a)pyrene (0.2)
Benzo(b)fluoranthene
Benzo(g,h,i)perylene
Benzo(k)fluoranthene
Bis(2-ethylhexyl)adipate (400)
Bis(2-ethylhexyl)phthalate
Butyl benzyl phthalate
Chrysene
Dibenzo(a,h)anthracene
Diethyl phthalate
Dimethyl phthalate
Di-n-butyl phthalate
Di-n-octyl phthalate
Fluoranthene
Fluorene
Hexachlorobenzene (1)
Indeno(1,2,3-cd)pyrene
Isophorone
Pentachlorobenzene
Pentachlorophenol (1)
Phenanthrene
Polychlorinated Biphenyls (0.5)
Pyrene

[1] TT indicates that the MCL involves treatment techniques.
[2] DS indicates that the MCL involves calculations based upon the entire distribution system.

DISTRIBUTION SYSTEM AVERAGE TRIHALOMETHANES - 2001



Note: No data available for December 2001.

Trihalomethanes (THMs) are organic compounds formed when chlorine disinfectant is added to the water. The use of chlorine and other chlorine-based disinfectant compounds is mandated by health regulatory agencies to eliminate microbiological contaminants from drinking water. The creation of THMs is a consequence of this necessary practice. THMs are comprised of four individual compounds. EPA has established 100 µg/L as the MCL for Total Trihalomethanes (the sum of the four individual compounds). The amounts present in the Denver distribution system are well below the 100 µg/L level.

WATER QUALITY SAMPLE COLLECTION AND ANALYTICAL PROCEDURES - 2001

Samples Collected:	
Watershed	174
Treatment plant	1,554
Distribution system	6,323
Other	1,815
	9,866

Analyses Performed:	
Microbiological	7,741
Chemical	26,294
	34,035

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Transmission

2001 Facts

Miles of pipe installed	32.9
Miles of pipe in system	2,499
Miles of nonpotable pipe in system	17.3
Number of valves operated and maintained	40,187
Number of nonpotable valves in system	147
Number of hydrants operated and maintained	14,173

Leak Detection Program:

Miles of pipe surveyed	554
Visible leaks pinpointed	120
Non-visible leaks detected	111

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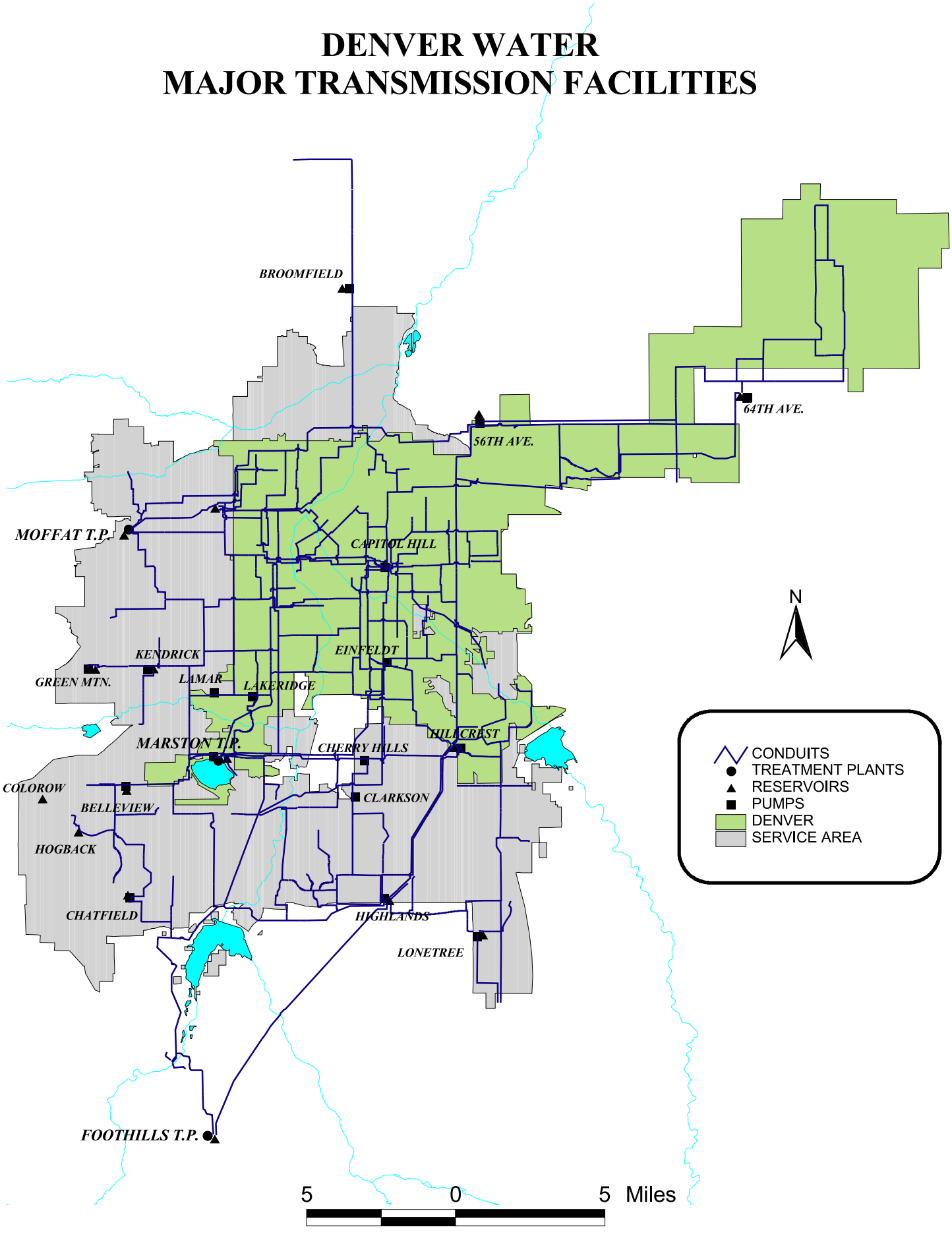
DENVER WATER
MAJOR TRANSMISSION FACILITIES



TRANSMISSION AND DISTRIBUTION MAINS - 2001

SUMMARY OF PIPE BY MATERIAL[1]

	Length in Feet				Length in Miles
Kind of Pipe	12-31-00	Additions	Reductions	12-31-01	12-31-01
Cast iron	6,100,526	-	(34,685)	6,065,841	1,149
Cement Asbestos	1,391,681	-	(136)	1,391,545	264
Cement Mortar coated steel	27,992	-	-	27,992	5
Concrete	867,362	-	(5,420)	861,942	163
Copper	1,141	-	-	1,141	-
Ductile iron	2,298,861	30,168	(1,361)	2,327,668	441
Galvanized	8,225	-	(270)	7,955	2
Polyvinyl chloride	965,555	136,564	(251)	1,101,868	209
Steel	1,002,614	7,167	-	1,009,781	191
Steel -tape coated	397,373	-	-	397,373	75
Unknown[2]	49,516	-	-	49,516	9
	13,110,846	173,899	(42,123)	13,242,622	2,508

SUMMARY OF PIPE BY DIAMETER[1]

	Length in Feet				Length in Miles
Diameter of Pipe in Inches	12-31-00	Additions	Reductions	12-31-01	12-31-01
0.75	413	-	-	413	
1	778	-	-	778	-
1.5	2,019	-	-	2,019	-
2	3,128	-	-	3,128	1
3	9,049	-	(270)	8,779	2
4	131,423	3,672	(420)	134,675	26
5	11	-	-	11	-
6	4,199,380	20,735	(24,440)	4,195,675	795
8	3,070,174	104,831	(4,465)	3,170,540	600
10	135,530	31	(7)	135,554	26
12	2,507,460	35,728	(6,974)	2,536,214	480
14	44,289	14	(14)	44,289	8
15	4,499	-	-	4,499	1
16	409,659	1,710	(25)	411,344	78
18	49,850	-	-	49,850	9
20	113,723	-	(77)	113,646	22
24	448,310	11	(11)	448,310	85
30	421,655	1,705	(840)	422,520	80
31	29	-	-	29	-
33	185	-	-	185	-
36	498,146	833	-	498,979	95
40	57	-	-	57	-
42	226,372	185	(185)	226,372	43
45	4,638	-	-	4,638	1
46	23,272	-	-	23,272	4
48	133,575	-	-	133,575	25
51	6,514	-	-	6,514	1
54	172,084	-	-	172,084	33
57	12,858	-	-	12,858	2
60	175,692	-	-	175,692	33
63	16,779	-	-	16,779	3
66	84,897	-	(4,395)	80,502	15
67	692	-	-	692	-
72	101,758	4,444	-	106,202	20
84	16,656	-	-	16,656	3
90	32,635	-	-	32,635	6
96	50	-	-	50	-
108	48,687	-	-	48,687	9
120	3,102	-	-	3,102	1
144	818	-	-	818	-
	13,110,846	173,899	(42,123)	13,242,622	2,508

[1]Mains within the City and Total Service Contract Areas.

[2]Unknown pipe material is assumed to be cast iron.

[3]From 1998 through 2000, 54" Steel (Conduit 133) and 108" Tape Coated Steel (Conduit 127) were underreported.

VALVES - 2001

SUMMARY OF VALVES BY TYPE[1]

Type of Valve	12-31-00	Additions	Reductions	12-31-01
Air vacuum valve	1,258	13	(2)	1,269
Ball valve	7	-	-	7
Blowoff valve	2,556	12	-	2,568
Butterfly valve	895	7	(1)	901
Check valve	20	-	-	20
Cone valve	18	-	-	18
Gate valve	33,836	851	(170)	34,517
Hub valve	5	-	-	5
MacDougall blowoff valve	117	9	-	126
Pito (Corp stop)	585	-	-	585
Pressure regulating valve	155	-	-	155
Unknown	11	-	-	11
Vacuum valve	5	-	-	5
	39,468	892	(173)	40,187

SUMMARY OF VALVES BY DIAMETER[1]

Diameter of Valve	12-31-00	Additions	Reductions	12-31-01
1	914	-	-	914
2	2,063	15	-	2,078
2.5	1	-	-	1
3	71	-	-	71
4	1,092	32	(7)	1,117
6	13,899	149	(31)	14,017
8	10,734	515	(101)	11,148
10	455	-	-	455
12	8,702	173	(33)	8,842
14	63	1	-	64
15	2	-	-	2
16	268	-	-	268
18	45	-	-	45
20	173	-	-	173
24	501	-	(1)	500
30	178	5	-	183
36	148	-	-	148
42	56	-	-	56
48	56	-	-	56
54	20	-	-	20
60	23	2	-	25
72	4	-	-	4
	39,468	892	(173)	40,187

[1]Valves within the City and Total Service Contract Areas.

FIRE HYDRANTS - 2001

FIRE HYDRANTS[1]

Size in Inches	Total Hydrants 12-31-00	Additions	Reductions	12-31-01
4	23	-	(6)	17
6	13,968	244	(56)	14,156
	13,991	244	(62)	14,173

FIRE HYDRANT BRANCH PIPE[1]

Size in Inches	Kind of Pipe	Length in Feet 12-31-00	Additions	Reductions	12-31-01
4	Cast iron	405	-	(101)	304
4	Ductile iron	34	-	-	34
6	Cast iron	161,286	-	(400)	160,886
6	Cement asbestos	2,591	-	-	2,591
6	Ductile iron	116,173	7,090	(151)	123,112
6	Polyvinylchloride	943	-	-	943
6	Steel	19,088	-	-	19,088
6	Unknown	25,963	-	-	25,963
		326,483	7,090	(652)	332,921

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY MATERIAL[1]

Kind of Pipe	Length in Feet 12-31-00	Additions	Reductions	12-31-01
Cast iron	161,691	-	(501)	161,190
Cement asbestos	2,591	-	-	2,591
Ductile iron	116,207	7,090	(151)	123,146
Polyvinylchloride	943	-	-	943
Steel	19,088	-	-	19,088
Unknown	25,963	-	-	25,963
	326,483	7,090	(652)	332,921

SUMMARY OF FIRE HYDRANT BRANCH PIPE BY DIAMETER[1]

Size in Inches	Length in Feet 12-31-00	Additions	Reductions	12-31-01
4	439	-	(101)	338
6	326,044	7,090	(551)	332,583
	326,483	7,090	(652)	332,921

[1]Fire hydrants and branch pipe within the City and Total Service Contract Areas.

NONPOTABLE MAINS AND VALVES - 2001

NONPOTABLE MAINS

Size	Kind of Pipe	Length in Feet 12-31-00	Additions	Reductions	12-31-01
4"	PVC	3,327	-	-	3,327
6"	PVC	2,216	-	-	2,216
8"	PVC	7,110	-	-	7,110
8"	Steel	61	-	-	61
10"	Steel	22	-	-	22
12"	Steel	10,307	-	-	10,307
12"	PVC	21,572	-	-	21,572
16"	PVC	19,928	-	-	19,928
20"	PVC	26,958	-	-	26,958
	Totals	91,501	-	-	91,501

Summary:

Kind of Pipe	Length in Feet 12-31-00	Additions	Reductions	12-31-01
PVC	81,111	-	-	81,111
Steel	10,390	-	-	10,390
Totals	91,501	-	-	91,501

NONPOTABLE VALVES

Size	Type of Valve	12-31-00	Additions	Reductions	12-31-01
4"	Gate	14	-	-	14
6"	Gate	15	-	-	15
8"	Gate	24	-	-	24
10"	Gate	2	-	-	2
12"	Gate	66	-	-	66
20"	Gate	26	-	-	26
	Totals	147	-	-	147

Note: Dual distribution system mains and valves have been installed to deliver water for nonpotable uses at Denver International Airport. Nonpotable water will not be available in the dual distribution system prior to the construction of a nonpotable reuse plant in 2004.

BREAKS IN MAINS, WATER CONTROL AND LEAK DETECTION SERVICES - 2001

DENVER MAIN BREAKS

Size	Pipe Material	Number of Breaks
3"	Galvinized Iron	1
4"	Cast Iron	5
4"	Ductile Iron	4
4"	Cement Asbestos	2
6"	Cast Iron	137
6"	Ductile Iron	5
6"	Cement Asbestos	6
6"	PVC	2
8"	Cast Iron	38
8"	Ductile Iron	1
8"	Cement Asbestos	4
8"	PVC	1
10"	Cast Iron	1
12"	Cast Iron	41
12"	Ductile Iron	2
12"	Cement Asbestos	1
14"	Cast Iron	1
14"	Steel	3
16"	Cast Iron	3
16"	PVC	1
18"	Steel	1
24"	Cast Iron	1
	Total	261

TOTAL SERVICE MAIN BREAKS

Size	Pipe Material	Number of Breaks
4"	Cast Iron	3
4"	Ductile Iron	2
4"	Cement Asbestos	1
6"	Cast Iron	25
6"	Ductile Iron	1
6"	Cement Asbestos	2
6"	PVC	1
8"	Cast Iron	6
8"	Ductile Iron	1
8"	Cement Asbestos	2
8"	PVC	1
10"	Cast Iron	1
12"	Cast Iron	4
14"	Coated Steel	3
		53

WATER CONTROL SERVICES

	2001	2000	1999	1998	1997
Service Calls	2916	3,097	2,153	2,571	1,540
Service Leaks	794	907	663	779	591
Service Turn Ons	2507	2,467	2,140	2,064	2,492
Service Turn Offs	828	806	687	730	815
Valve Leaks	78	135	107	55	68
Fire Hydrants Hit	146	112	132	141	138
Fire Hydrants Packed and Greased	28,362	22,637	23,973	25,923	24,969
Fire Hydrants Excavated for Replacement	238	197	142	160	206
Fire Hydrants, Miscellaneous Repairs	858	929	805	926	875
Total Fire Hydrants Tested and Repaired	29,604	23,875	25,052	27,150	26,188

LEAK DETECTION PROGRAM

	2001	2000	1999	1998	1997
Non-Visible Leaks Detected	111	125	115	84	80
Non-Visible Water Leaks Loss (1000's of Gallons)[1]	145,854	163,800	151,225	110,800	105,120
Visible Leaks Pinpointed	120	154	224	173	246
Savings Generated from Leak Detection Program[1]	$72,000	$107,800	$134,400	$103,800	$147,600
Miles Surveyed	554	846	862	1,038	903

[1]Estimated.

Financial

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25 LARGEST CUSTOMERS - WATER CONSUMPTION AND REVENUE - 2001 (NON-ACCRUAL BASIS)[1]

Account Type	Consumption (000 Gallons)	Water Revenue
Utility	464,691	$ 752,937
Multi-location petroleum retailer	453,052	803,497
School System	423,402	635,866
Housing Authority	349,973	509,646
Federal Government	230,629	411,470
Public Recreation Agency	196,038	402,751
Beverage Company	175,964	251,618
Multi-location Medical Provider	163,780	258,701
Manufacturer	159,624	284,916
Property Management	145,535	216,329
Manufacturer	127,223	180,399
Medical Center	126,984	184,186
Retail Grocer	126,920	188,327
Manufacturer	126,606	179,956
Utility	109,450	202,539
Hotel	104,334	149,251
Property Management	104,334	151,811
School System	98,745	147,720
Property Management	97,798	185,834
Medical Center	84,992	124,217
Beverage Company	84,301	120,267
Property Management	81,847	117,591
Property Management	80,300	114,741
Retail Grocer	79,546	123,602
Property Management	76,001	108,888
Total - 25 Largest Customers	4,272,069	$ 6,807,060
Total Sales of Treated Water	77,518,386	$ 141,523,795
Percent of 25 Largest Customers to Total Sales of Treated Water	5.51%	4.81%

[1]This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial. In addition to the accounts listed, Denver Water provided 3,166,663 (000 gallons) to the City and County of Denver. Revenues from these sales were $3,698,215.

ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - 2001
(amounts expressed in thousands)

NEW FACILITIES

SOURCE OF SUPPLY		
Water Rights	$ 2,836	
South Platte Downstream Storage-Gravel Pits	1,047	
South Platte	234	
Moffat Tunnel System	647	
Gross Reservoir Improvements	939	
Leyden Gulch Reservoir	710	
Winter Park	401	
Marston	66	
Williams Fork	333	
Strontia	85	
Eleven Mile	141	
Other Miscellaneous	162	
Total Source of Supply		7,601
PUMPING PLANT AND CLEAR WATER STORAGE		
Belleview -Pump Station	1,125	
Nevada Ditch Pump Station	184	
Other Miscellaneous	34	
Total Pumping Plant and Clear Water Storage		1,343
WATER TREATMENT		
Recycled Water Project	16,392	
Marston Treatment Plant Improvements	11,232	
Marston Dissinfection Facility Improvements	94	
Moffat Dissinfection Facility Improvements	63	
Foothills Treatment Plant Improvements	17,135	
Other Miscellaneous	6	
Total Water Treatment		44,922
TRANSMISSION AND DISTRIBUTION		
Denver International Airport Mains and Hydrants	356	
Colorow Reservoir	469	
Conduit 94	2,642	
Conduit 133	248	
Conduit 138	3,040	
Distribution Mains & Hydrants	7,894	
Large Conventional Meter Replacement Program	6,230	
Recycled water conduits	558	
Other Miscellaneous	4	
Total Transmission and Distribution		21,441
GENERAL PLANT		
Remodel Building No. 3	3,359	
Other Miscellaneous	16	
Total General Plant		3,375
TOTAL NEW FACILITIES		$ 78,682

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ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT - 2001 (Continued)
(amounts expressed in thousands)

FACILITY REPLACEMENTS AND IMPROVEMENTS		
SOURCE OF SUPPLY		
Antero Reservoir	$ 38	
Cheesman Reservoir	88	
Eleven Mile Reservoir	156	
Gross Reservoir	76	
Moffat Tunnel	80	
Platte Canyon Reservoir	60	
Ralston Reservoir	475	
Strontia Springs	83	
Roberts Tunnel	107	
Waterton Canyon	90	
Williams Fork	555	
Winter Park	30	
Other Miscellaneous	135	
Total Source of Supply		1,973
PUMPING PLANT AND CLEAR WATER STORAGE		
56th Avenue	165	
Belleview	400	
Einfeldt	1,280	
Highlands	61	
Marston N. Side	225	
Other Miscellaneous	134	
Total Pumping Plant and Clear Water Storage		2,265
WATER TREATMENT		
Foothills Plant General Replacements	389	
Moffat Plant General Replacements	239	
Marston Plant General Replacements	439	
Kassler Plant General Replacements	524	
Total Water Treatment		1,591
TRANSMISSION AND DISTRIBUTION		
Valve Replacements	47	
Mains - Replace, Extend, and Relocate	10,711	
Fire Hydrants - Replacements	1,399	
Meter Replacements	698	
Conduit 3	199	
Conduit 12	249	
Conduit 93	206	
Conduit 153	164	
Wynetka Decentralization	84	
Other Miscellaneous	161	
Total Transmission and Distribution		13,918
GENERAL PLANT		
Westside Yard Improvements	341	
Other Miscellaneous	6	
Total General Plant		347
TOTAL FACILITY REPLACEMENTS AND IMPROVEMENTS		20,094
GENERAL EQUIPMENT ADDITIONS, REPLACEMENTS, AND IMPROVEMENTS		
Motor Vehicles and Heavy Equipment	2,916	
Computer Equipment	1,440	
Capitalized Software	1,569	
Other Miscellaneous	20	
TOTAL GENERAL EQUIPMENT		5,945
TOTAL PROPERTY, PLANT & EQUIPMENT ADDITIONS		$ 104,721

WATER RATE SCHEDULES - 2001

	Rate Per 1,000 Gallons		
	City of Denver Schedule 1	Outside City Total Service Schedule 2	Outside City Read and Bill Schedule 3
	(Effective for bills dated on or after Jan. 1, 2001)		
CONSUMPTION CHARGE (Bimonthly)			
Residential Customers:			
First 22,000 Gallons	$ 1.48	$ 2.26	$ 1.82
Next 38,000 Gallons	1.78	2.71	2.18
All Over	2.22	3.39	2.73
Small Multi-Family:			
(Duplexes through five-plexes with a single meter)			
First 30,000 gallons[1]	1.31	2.01	1.77
Over 30,000 gallons	1.57	2.41	2.12
All Other Retail Customers:			
Winter	1.28	1.88	1.61
Summer	1.54	2.26	1.93
SERVICE CHARGE			
Monthly	$ 3.16	$ 3.16	$ 3.16
Bimonthly	4.50	4.50	4.50
PRIVATE FIRE PROTECTION SERVICE CHARGES (Bimonthly)			
Fire Hydrants	$ 27.43	$ 15.03	$ 11.25
Sprinkler Systems and Standpipes:			
(Size of Connection)			
1"	7.45	4.08	3.06
2"	12.42	6.81	5.10
4"	19.20	10.52	7.88
6"	27.43	15.03	11.25
8"	48.00	26.30	19.69
10"	68.57	37.57	28.13
12"	109.71	60.11	45.01
16"	274.28	150.28	112.52

OUTSIDE CITY WHOLESALE RATE - Schedule 4	Rate per 1,000 gallons
Consumption Charge - all consumption	$ 1.81
Service Charge - Not applicable for this rate schedule	

Applicability

Schedule 1: All licensees with metered service having the right to take and use water inside the territorial limits of City and County of Denver.

Schedule 2: All licensees outside the territorial limits of the City and County of Denver who receive water service from Board of Water Commissioners under agreements whereby the Board operates and maintains all of the systems used to supply the licensee in a manner to provide complete and total service similar to that furnished inside Denver.

Schedule 3: All licensees outside the territorial limits of the City and County of Denver who receive water service from Board of Water Commissioners under agreements whereby the licensee in some manner operates and maintains portions of the system used to supply the licensee and the Board is responsible for billing each licensee on an individual basis.

Schedule 4: Municipalities, quasi-municipal districts and water companies outside the territorial limits of the City and Cou of Denver who receive water service from the Board of Water Commissioners under agreements whereby the municipalities, quasi-municipalities, and water companies operate and maintain water distribution systems to supply individual licensees. The Board bills only the distributor for water delivered through large "Master Meters" and the distributor establishes the rates for and bills the individual licensees.

[1]Bimonthly usage amounts increase by 12,000 gallons per additional dwelling unit up to 5 dwelling uni

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	Raw Water Service	
	Denver	Outside City
RAW WATER SERVICE RATE - Schedule 5		
Consumption Charge per 1,000 gallons - all consumption	$ 0.47	$ 0.49
Consumption Charge per Acre Foot - all consumption	153.15	159.67

Service Charge - Not applicable for this rate schedule

SYSTEM DEVELOPMENT CHARGES (Effective September 19, 2000)

	Treated Water Service	
Single Family Residential Taps[1]	Denver	Outside City
Base charge per residence	$ 1,070	$ 1,500
Charge per square foot of gross lot size	$ 0.26	$ 0.37
Multifamily Residential Taps[2]		
Base charge for duplex or first two household units (Served through a single tap)	$ 4,290	$ 6,000
Charge for each additional household unit above two units (Served through a single tap)	$ 870	$ 1,225

All Other Taps[3]	Treated Water Service		Raw Water Service	
Connection Size	Denver	Outside City	Denver	Outside City
3/4"	$ 3,150	$ 4,400	$ 1,725	$ 2,400
1"	9,450	13,200	5,175	7,200
1-1/2"	18,900	26,400	13,800	19,200
2"	28,350	39,600	22,425	31,200
3"	69,300	96,800	37,950	52,800
4"	122,850	171,600	56,925	79,200
6"	214,200	299,200	117,300	163,200
8"	283,500	396,000	151,800	211,200
10"	362,250	506,000	194,925	271,200
12"	441,000	616,000	277,725	386,400

	Treated Water Service		Raw Water Service	
Acre Foot Conversion ($/AF)	Denver	Outside City	Denver	Outside City
Inside Combined Service Area	$ 6,850	$ 9,565	$ 3,725	$ 5,200
Outside Combined Service Area		9,900		5,200

Applicability

[1]Licenses for 3/4 inch single family residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[2]Licenses for multifamily residential taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

[3]Licenses for all other taps within the City and County of Denver and Denver Water Service Areas, including applicable special contracts.

The System Development Charge applies to any applicant for a license to take water through the Denver system or a system deriving its supply from Denver. This charge is assessed upon application for a new tap and is due and payable prior to the issuance of a license to the customer.

CUSTOMER SERVICE DATA: 1992 - 2001

	2001	2000	1999	1998	1997	1996	1995	1994	1993	1992
Active Taps:[1]										
Beginning of Year	**282,985**	278,374	274,938	271,338	268,676	265,820 [5]	268,506	265,233	262,184	259,695
Activated During Year	**3,273**	4,871	3,732	3,919	2,825	3,013	3,807	3,449	3,254	2,740
Discontinued During Year	**(207)**	(260)	(296)	(319)	(163)	(157)	(314)	(176)	(205)	(251)
Net Increase During Year	**3,066**	4,611	3,436	3,600	2,662	2,856	3,493	3,273	3,049	2,489
Total Active Taps - End of Year	**286,051**	282,985	278,374	274,938	271,338	268,676	271,999	268,506	265,233	262,184
Services Behind Master Meters	**66,997**	66,135	64,655	64,225	63,449	62,713 [5]	68,066	66,132	65,048	63,335
Active Meters (excludes customers Behind Master Meters) [1]										
Inside City	**148,936**	147,472	145,466	143,602	142,169 [4]	141,248	140,497	140,028	139,185	138,979
Read and Bill	**36,955**	36,760	36,114	35,379	34,638	33,791	32,827	32,142	31,030	30,285
Total Service	**31,974**	31,442	30,965	30,575	29,892	29,425	29,090	28,756	28,289	27,992
City and County	**1,071**	1,058	1,055	1,019	1,018	1,020	1,023	1,072	979	940
Monthly	**118**	118	119	138	172	479	496	376	702	653
Total Active Meters	**219,054**	216,850	213,719	210,713	207,889	205,963	203,933	202,374	200,185	198,849
Total Active Taps - End of Year	**286,051**	282,985	278,374	274,938	271,338	268,676	271,999	268,506	265,233	262,184
Stub-Ins on System[2]	**2,992**	2,389	3,086	3,483	1,895	2,422	2,215	2,825	2,120	1,519
Fire Hydrant Use Permits	**456**	680	1,132	1,185	999	918	849	930	721	509
AMR (Automatic Meter Reading) Installations	**30,359**	298	-	-	-	-	-	-	-	-
Turn-Offs Due to Delinquent Accounts	**10,293**	9,045	7,920	7,992	8,650	9,317	9,329	5,907	6,218	6,212
In-Home Water Audits	**98**	1,155	1,092	1,751	1,637	1,343	1,403	1,501	2,147	1,857
Call Center Calls	**193,395**	173,016	169,399	140,284	143,955	160,808	150,800	169,115	161,005	145,161
Water Quality Calls[3]										
Taste and Odor	**78**	220	148	530	91	-	-	-	-	-
Clarity	**75**	75	189	278	197	-	-	-	-	-
Hardness	**0**	1	69	70	68	-	-	-	-	-
Other	**80**	9	485	644	1,361	-	-	-	-	-
New Taps Made[6]	**3,869**	3,834	4,498	5,838	3,273	3,178	1,683	-	-	-

[1]Service is on or has not been off for 5 consecutive years. Does not include taps sold to raw water distributors.

[2]Stub-Ins are a connection made solely to extend the service line from the main to the valve at the property line prior to the paving of the street and are not considered a tap.

[3]Customer Service started taking Water Quality Calls in 1996. Information prior to 1996 unavailable.

[4]Beginning in 1997, large meters for wholesale distributors excluded from count, consistent with "Analysis of Customer Accounts for Treated Water."

[5]Broomfield Taps (6,179), removed from Master Meter counts in 1996.

[6]Customer Service Field took over the duties of the Tapping Shop(Meter Shop) in 1995. Information prior to 1995 unavailable.

ANALYSIS OF CUSTOMER ACCOUNTS FOR TREATED WATER - 2001[1]

		Total Accounts			On Accounts	
		12-31-01	12-31-00	Increase (Decrease)	12-31-01	12-31-00
METERED GENERAL CUSTOMERS						
Residential -	Denver	124,573	123,358	1,215	123,662	122,480
	Outside City	33,675	33,578	97	33,624	33,537
	Total Service	28,880	28,414	466	28,793	28,339
Small multi-family -	Denver	8,415	8,327	88	8,340	8,256
	Outside City	333	324	9	333	324
	Total Service	466	460	6	466	460
Commercial -	Denver	15,386	15,228	158	14,654	14,533
	Outside City	2,875	2,785	90	2,839	2,755
	Total Service	2,492	2,434	58	2,440	2,381
Industrial -	Denver	276	278	(2)	240	241
	Outside City	7	7	0	7	7
	Total Service	10	10	0	10	10
TOTAL METERED GENERAL CUSTOMERS		217,388	215,203	2,185	215,408	213,323
PUBLIC AUTHORITIES						
City & County of Denver		,196	1,180	16	1,051	1,046
Other County Agencies -	Denver	164	162	2	160	157
	Outside City	53	54	(1)	52	53
	Total Service	116	114	2	111	109
State Agencies -	Denver	67	67	0	62	62
	Outside City	2	2	0	2	2
	Total Service	8	8	0	4	4
Federal Agencies -	Denver	48	48	0	35	35
	Outside City	10	10	0	9	9
	Total Service	2	2	0	2	2
TOTAL PUBLIC AUTHORITIES		1,666	1,647	19	1,488	1,479
RESALE ACCOUNTS (MASTER METER)[2]		66,997	66,230	767	66,997	66,230
TOTAL TREATED WATER CUSTOMERS		286,051	283,080	2,971	283,893	281,032

[1] Represents number of metered services at year-end. For average number of customers billed during the calendar year, see "Operating Revenue and Related Water Consumption."

[2] See "Analysis of Sales of Treated Water for Resale."

OPERATING REVENUE AND RELATED WATER CONSUMPTION - 2001
(NON-ACCRUAL BASIS)[1]

		Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER					
A. METERED GENERAL CUSTOMERS					
Residential -	Denver	$29,973,238	16,576,648	122,998	$ 1.8082
	Outside City	13,616,982	6,158,545	33,471	2.2111
	Total Service	14,562,075	5,329,661	28,531	2.7323
Small multi-family-	Denver	2,813,072	1,868,579	8,290	1.5055
	Outside City	205,431	103,207	323	1.9905
	Total Service	307,981	136,811	462	2.2511
Commercial -	Denver	22,104,138	15,123,479	14,515	1.4616
	Outside City	6,897,085	3,763,377	2,796	1.8327
	Total Service	4,916,979	2,289,032	2,408	2.1481
Industrial -	Denver	1,647,207	1,153,680	236	1.4278
	Outside City	1,518,244	852,249	7	1.7815
	Total Service	201,048	94,898	10	2.1186
		98,763,480	53,450,166	214,047	1.8478
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers -	Denver	582,947	- [2]		
	Outside City	41,162	- [2]		
	Total Service	30,831	- [2]		
		654,940	- [2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City & County of Denver		3,698,215	3,166,663	1,046	1.1679
Other County Agencies -	Denver	781,712	522,489	160	1.4961
	Outside City	402,592	220,074	51	1.8293
	Total Service	704,127	325,814	110	2.1611
State Agencies -	Denver	298,329	197,437	62	1.5110
	Outside City	8,347	4,527	2	1.8438
	Total Service	14,026	6,500	4	2.1578
Federal Agencies -	Denver	380,422	259,696	22	1.4649
	Outside City at Denver Rates	13,049	9,234	1	1.4132
	Outside City	402,590	221,155	5	1.8204
	Total Service	1,352	616	2	2.1941
		$ 6,704,761	4,934,205	1,465	$ 1.3588

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses and Changes in Retained Earnings. The difference from amounts on an accrual basis is immaterial.

[2] Consumption is considered as part of unaccounted-for treated water. See "Analysis of Sales of Treated Water between Denver and Outside City" for this estimate.

(Continued next page)

OPERATING REVENUE AND RELATED WATER CONSUMPTION (Continued) - 2001
(NON-ACCRUAL BASIS)

	Revenue	Consumption (000 Gallons)	Average Number of Customers	Revenue Per 1,000 Gallons
I. SALES OF TREATED WATER (Continued)				
D. SALES OF TREATED WATER FOR RESALE[1]	$ 34,153,280	18,868,684	66,997	$ .8101
II. HYDRANT & CONSTRUCTION WATER FEES	1,247,334	265,331		4.7010
TOTAL SALES OF TREATED WATER[2]	141,523,795	77,518,386	282,509	1.8257
III. SALES OF NON-POTABLE WATER[3]	4,086,844	9,327,981	27	0.4381
TOTAL SALES OF WATER	145,610,639	86,846,367	282,536	$ 1.6766
IV. OTHER NON-POTABLE WATER DELIVERIES[3]		2,146,372		
TOTAL CONSUMPTION		88,992,739		
V. OTHER OPERATING REVENUE				
A. POWER SALES REVENUE				
Foothills Treatment Plant	113,291			
Strontia Springs	359,399			
Dillon Dam	469,954			
Roberts Tunnel	655,230			
Hillcrest	136,024			
Williams Fork	221,263			
	1,955,161			
B. SPECIAL ASSESSMENTS				
Late Payment Penalties	1,589,982			
Conservation Penalties	63,003			
Field Collection Charges	520,752			
Turnoff - Turn on Charges	126,422			
	2,300,159			
TOTAL OTHER OPERATING REVENUE	4,255,320			
TOTAL OPERATING REVENUE	$149,865,959			

[1]See "Analysis of Sales of Treated Water for Resale."

[2]See "Analysis of Sales of Treated Water Between Denver and Outside City."

[3]See "Analysis of Sales of Non-Potable Water Between Denver and Outside City."

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2001 (NON-ACCRUAL BASIS)[1]

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
I. DENVER					
A. METERED GENERAL CUSTOMERS					
Residential	$29,973,238	21.18%	16,576,648	21.38%	122,998
Small multi-family	2,813,072	1.99%	1,868,579	2.41%	8,290
Commercial	22,104,138	15.62%	15,123,479	19.51%	14,515
Industrial	1,647,207	1.16%	1,153,680	1.49%	236
	56,537,655	39.95%	34,722,386	44.79%	146,039
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	582,947	0.41%	-[2]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
City And County of Denver	3,698,215	2.61%	3,166,663	4.09%	1,046
Other County Agencies	781,712	0.55%	522,489	0.67%	160
State Agencies	298,329	0.21%	197,437	0.25%	62
Federal Agencies	380,422	0.27%	259,696	0.34%	22
	5,158,678	3.64%	4,146,285	5.35%	1,290
TOTAL SALES OF TREATED WATER - DENVER	62,279,280	44.00%	38,868,671	50.14%	147,329
Revenue per 1,000 Gallons - Denver			$1.6023		
II. OUTSIDE CITY					
A. METERED GENERAL CUSTOMERS					
Residential	13,616,982	9.62%	6,158,545	7.94%	33,471
Small multi-family	205,431	0.15%	103,207	0.13%	323
Commercial	6,897,085	4.87%	3,763,377	4.85%	2,796
Industrial	1,518,244	1.07%	852,249	1.10%	7
Residential - Total Service	14,562,075	10.29%	5,329,661	6.88%	28,531
Small multi-family - Total Service	307,981	0.22%	136,811	0.18%	462
Commercial - Total Service	4,916,979	3.47%	2,289,032	2.95%	2,408
Industrial - Total Service	201,048	0.14%	94,898	0.12%	10
	$42,225,825	29.83%	18,727,780	24.15%	68,008

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled accounts. Therefore, amounts on this schedule do not agree with amounts on the Statement of Revenues, Expenses, and Changes in Retained Earnings. The difference from amounts on an accrual basis is immaterial.

[2]Consumption is considered as part of unaccounted-for treated water.

(Continued next page)

ANALYSIS OF SALES OF TREATED WATER BETWEEN DENVER AND OUTSIDE CITY - 2001 (NON-ACCRUAL BASIS) (Continued)

	Revenue		Consumption		Average
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers
II. OUTSIDE CITY (Continued)					
B. PRIVATE FIRE PROTECTION SERVICE					
Sprinklers	$ 41,162	0.03%	- [1]		
Sprinklers - Total Service	30,831	0.02%	- [1]		
	71,993	0.05%	- [1]		
C. OTHER SALES TO PUBLIC AUTHORITIES					
County Agencies	402,592	0.29%	220,074	0.28%	51
State Agencies	8,347	0.01%	4,527	0.01%	2
Federal Agencies	402,590	0.28%	221,155	0.29%	5
Federal Agencies at Denver Rates	13,049	0.01%	9,234	0.01%	1
County Agencies - Total Service	704,127	0.50%	325,814	0.42%	110
State Agencies - Total Service	14,026	0.01%	6,500	0.01%	4
Federal Agencies - Total Service	1,352	0.00%	616	0.00%	2
	1,546,083	1.10%	787,920	1.02%	175
D. SALES OF TREATED WATER FOR RESALE[2]	34,153,280	24.13%	18,868,684	24.33%	66,997
TOTAL SALES OF TREATED WATER - OUTSIDE CITY	77,997,181	55.11%	38,384,384	49.50%	135,180
Revenue per 1,000 Gallons - Outside City			$2.0320		
III. HYDRANT & CONSTRUCTION WATER FEES	1,247,334	0.89%	265,331	0.36%	-
TOTAL SALES OF TREATED WATER	$ 141,523,795	100.00%	77,518,386	100.00%	282,509
Revenue per 1,000 Gallons - Total			$1.8257		
UNACCOUNTED FOR WATER					
Total Treated Water Delivered			81,051,420		
Water Purchased			3,301		
Total Treated Water Available			81,054,721	100.00%	
Less Sales of Treated Water			77,518,386	(95.64%)	
Unaccounted for[3]			3,536,335	4.36%	

[1]Consumption is considered as part of unaccounted-for treated water.
[2]See "Analysis of Sales of Treated Water For Resale."
[3]Includes meter slippage, main and service line leakage, public and private fire protection, and other system losses.

ANALYSIS OF SALES OF TREATED WATER FOR RESALE - 2001
(NON-ACCRUAL BASIS)[1]

Treated Water Sold Outside Denver to Municipalities and Distributors through Master Meters[2]

	Revenue	Consumption (000 Gallons)	Estimated Number of Taps[3]
Alameda Water & Sanitation District	$ 187,987	103,860	352
Bancroft-Clover Water & Sanitation District	3,446,638	1,904,220	8,307
Bonvue Water & Sanitation District	36,576	20,208	166
Bow-Mar Water & Sanitation District	189,896	104,915	282
Cherry Creek Valley Water & Sanitation District	1,625,472	898,051	1,622
Cherry Creek Village Water & Sanitation District	318,033	175,709	471
Consolidated Mutual Water Company	6,176,504	3,412,433	14,661
Crestview Water & Sanitation District	1,362,058	752,518	4,441
City of Edgewater	410,493	226,792	1,475
City of Glendale	630,079	348,110	268
Green Mountain Water & Sanitation District	4,015,074	2,218,273	9,852
High View Water District	346,255	191,301	859
Ken-Caryl Water & Sanitation District	1,661,763	918,101	3,614
Lakehurst Water & Sanitation District	1,621,432	895,819	4,899
City of Lakewood	539,775	298,218	869
Meadowbrook Water & Sanitation District	355,170	195,580	1,142
North Pecos Water & Sanitation District	309,629	171,066	371
North Washington Street Water & Sanitation District	1,943,488	1,073,870	3,496
Northgate Water District	17,262	9,537	2
South Adams County Water & Sanitation District	1,230,742	679,968	157
Valley Water District	1,009,685	557,832	1,327
Wheat Ridge Water District	1,934,544	1,068,809	5,499
Willowbrook Water & Sanitation District	957,400	528,950	2,865
Willows Water District[4]	1,084,764	599,317	-
Total Sales for Master Meter Distributors	31,410,719	17,353,457	66,997
City of Aurora	50,392	27,841	
City of Broomfield[5]	2,552,149	1,410,027	
Chatfield South Water District	10,194	5,632	
Inverness Water District	129,826	71,727	
Total Sales for Other Contracts at Wholesale Rates	2,742,561	1,515,227	
Total Sales of Treated Water for Resale	$ 34,153,280	18,868,684	66,997

[1]This schedule represents actual billings made for water during the year. The difference from amounts on an accrual basis is immaterial.
[2]Sales on Total Service or Read and Bill Contracts are not included.
[3]Estimated number of taps served behind Master Meters is based on survey analysis.
[4]Tap information is not currently available.
[5]As of 1996, taps for City of Broomfield are no longer included.

ANALYSIS OF SALES OF NON-POTABLE WATER BETWEEN DENVER AND OUTSIDE CITY - 2001
(NON-ACCRUAL BASIS)[1]

	Revenue		Consumption			Revenue
	Amount	Percent of Total	Amount (000 Gallons)	Percent of Total	Number of Customers[3]	Per 1,000 Gallons
DENVER						
Raw Water Sales						
City & County of Denver Agencies	$ 49,834	1.22%	293,149	3.14%	3	$ 0.1700
Xcel Energy	198,274	4.85%	421,000	4.51%	1	0.4710
All Other	21,208	0.52%	45,124	0.48%	2	0.4700
	269,316	6.59%	759,273	8.13%	6	0.3547
Effluent Sales						
All Other	542	0.01%	2,307	0.02%		0.2349
Total Denver	269,858	6.60%	761,580	8.15%	6	0.3543
OUTSIDE CITY, WITHIN COMBINED SERVICE AREA						
Raw Water Sales						
All Other	7,710	0.19%	54,468	0.58%	3	0.1416
Minimum Contract Payments[2]						
All Other	4,934	0.12%				
Total Outside City, Within Combined Service Area	12,644	0.31%	54,468	0.58%	3	0.2321
OUTSIDE COMBINED SERVICE AREA						
Raw Water for Resale						
City of Arvada	2,413,084	59.05%	4,924,661	52.80%	1	0.4900
North Table Mountain	344,914	8.44%	703,905	7.55%	1	0.4900
	2,757,998	67.49%	5,628,566	60.35%	2	0.4900
Raw Water Sales						
City of Arvada	31,934	0.78%	65,170	0.70%	-	0.4900
City of Broomfield	115,601	2.83%	235,916	2.53%	1	0.4900
Centennial Water & Sanitation District	167,510	4.10%	341,851	3.66%	1	0.4900
Consolidated Mutual Water	52,196	1.28%	106,521	1.14%	1	0.4900
City of Englewood	50,575	1.24%	228,096	2.45%	1	0.2217
U. S. Department of Energy	49,226	1.20%	100,462	1.08%	1	0.4900
City of Westminster	237,076	5.80%	504,416	5.41%	1	0.4700
Xcel Energy	266,137	6.51%	1,131,941	12.14%		0.2351
All Other	71,827	1.76%	167,801	1.80%	7	0.4280
	1,042,082	25.50%	2,882,174	30.91%	13	0.3616
Effluent Sales						
All Other	533	0.01%	1,193	0.01%	2	0.4468
Minimum Contract Payments[2]						
All Other	3,729	0.09%	-	-	1	-
	3,729	0.09%	-		1	
Total Outside Combined Service Area	3,804,342	93.09%	8,511,933	91.27%	18	0.4469
TOTAL SALES OF NON-POTABLE WATER	$ 4,086,844	100.00%	9,327,981	100.00%	27	$ 0.4381
OTHER NON-POTABLE WATER DELIVERIES						
City Ditch at Washington Park			1,107,563			
City of Englewood (Cabin-Meadow Exchange)			1,038,809			
Total Other Non-Potable Water Deliveries			2,146,372			
TOTAL NON-POTABLE WATER DELIVERIES			11,474,353			

[1]This schedule represents actual billings made for water during the year. No accruals were made for revenue earned on unbilled metered accounts. The difference from amounts on an accrual basis is immaterial.

[2]Effective for 1997, non-potable sales have been identified as raw, effluent, and minimum contract payments. The minimum payment category reflects contract-stipulated payments in excess of the revenue recorded for actual deliveries of non-potable water. Prior to 1997, this revenue was reported as Special Assessments-Other on the "Operating Revenue and Related Water Consumption" schedule.

[3]If the customer is reflected in the count of raw water customers, it is excluded from the count of effluent and minimum contract payment customers.

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 1997 - 2001 AND 2002 BUDGET
(CASH BASIS)
(amounts expressed in thousands)

	1997		1998		1999		2000		2001		2002
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
BEGINNING CASH & INVESTMENTS	$85,011	$ 84,727	$125,385	$135,746	$130,544	$130,544	$149,851	$149,851	165,594	165,594	$186,755
RECEIPTS FROM:											
Sale of water	115,500	123,005 [1]	124,502	127,281	127,754	126,160	133,298	151,490 [9]	139,465	149,188 [12]	148,785
Nonoperating, interest & other	13,915	16,113	14,156	16,379	13,700	18,438	16,364	16,647	16,746	16,671	18,007
System development charges	14,290	45,092 [2]	19,200	33,187 [5]	14,600	24,328	19,100	25,620 [10]	21,300	22,259	27,446
Developer participation (new facilities)	3,350	3,731	3,733	8,413	9,017	13,171	3,741	6,392	3,915	7,034	3,918
Reimbursements & grants	650	113	96	168	440	371	387	791	1,637	6,802 [13]	152
Subtotal	147,705	188,054	161,687	185,428	165,511	182,468	172,890	200,940	183,063	201,954	198,308
Sale of bonds	19,530	19,644	-	0	38,272	14,472 [7]	12,700	12,677	11,159	32,658 [14]	21,499
Total receipts	167,235	207,698	161,687	185,428	203,783	196,940	185,590	213,617	194,222	234,612	219,807
LESS EXPENDITURES FOR:											
Operations, maintenance & refunds	71,201	72,066	70,495	75,105	76,868	79,312	80,296	80,836	82,059	85,375	91,297
Debt service	43,950	43,905	48,553	48,247	36,825	36,240	34,454	34,041	31,629	31,780	32,712
Subtotal	115,151	115,971	119,048	123,352	113,693	115,552	114,750	114,877	113,688	117,155	124,009
Capital improvements (new facilities)	24,328	19,029	30,264 [4]	43,336	45,523	35,496 [8]	45,910	51,705 [11]	74,508	69,761	78,240
System replacements	9,286	8,109	12,316	7,589	12,927	10,573	17,582	16,236	13,688	11,238	15,308
Equipment	4,544	5,477	7,083	7,493	7,122	6,343	9,119	5,746	8,298	6,604	10,069
Subtotal	38,158	32,615	49,663	58,418 [6]	65,572	52,412	72,611	73,687	96,494	87,603	103,617
Indirects to capital	8,128	8,093	8,200	8,860	9,500	9,669	9,579	9,310	9,884	9,750	9,955
Total expenditures	161,437	156,679	176,911	190,630	188,765	177,633	196,940	197,874	220,066	214,508	237,581
DIA Market Adjustment										1,057 [15]	
ENDING CASH & INVESTMENTS	$90,809	$135,746 [3]	$110,161	$130,544	$145,562	$149,851	$138,501	$165,594	$139,750	$ 186,755	$168,981

(Continued next page)

RECEIPTS AND EXPENDITURES
BUDGET TO ACTUAL COMPARISON 1997 - 2001 AND 2002 BUDGET (Continued)

GENERAL EXPLANATION OF VARIANCES

Variances in operating receipts are generally due to abnormal climatic conditions.
Variances in system development charges are generally related to levels of activity in the home building industry.
Variances in capital improvements are generally due to changes in project scheduling.

[1]1997 Operating Receipts were over budget by $7.5 million due to an increase in billings for October and the City & County of Denver paying past due amounts and converting to a monthly basis.

[2]1997 System Development Charges were over $30.8 million due to substantial continued growth in the housing market, unbudgeted amounts of $22.9 million from South Adams County, $963,000 from the City of Arvada, and $1.2 million from Araphoe Estates Water District.

[3]Prior to 1999, the bugeted beginning cash and investment balance was estimated. Since 1999, the actual beginning cash and investment balance is used.

[4]1998 Capital Budget - this high level of expenditure reflects acquisition of gravel pit storage at $4.1 million, updates and improvements to the treatment plants to comply with Federal and State regulations of $13.3 million, construction of the Colorow and Chatfield Reservoir totaling $3.7 million, the low-side addition to Chatfield Pump Station at $2.4 million, construction of Conduit 74, phase 3 and 4, totaling $4.7 million, and purchase of new computer systems at $2.1 million.

[5]1998 Actual System Development Charges receipts of $33.2 million were $14.0 million more than budgeted substantially due to an unbudgeted receipt of $12.5 million from Public Service Company for delivery of 5,200 acre feet of non-potable water.

[6]1998 Actual Capital Expenditures (including indirects of 8.9 million) of $67.3 million exceeded budget by $9.4 million primarily due to an unbudgeted acquisition of the Moffat Water Tunnel for $7.0 million and $4.0 million more than budgeted for acquisition of gravel pit storage. These increases were partially offset by underruns of $1.5 million for construction of Colorow Reservoir and $1.6 million for installation of natural gas and variable engines at six pump stations. Both of these projects were deferred to 1999.

[7]1999 Actual Bond Proceeds of $14.5 million were $23.8 less than budgeted due to not issuing new Certificates of Participation as budgeted.

[8]1999 Capital Improvements were under budget by $10.0 million primarily due to the timing of the following projects: Gravel Pit purchases ($4.5 million), construction of the Reuse Plant ($3.1 million), construction of a new 5.0 million gallon reservoir at Chatfield ($1.6 million) and construction of Colorow Reservoir ($1.5 million).

[9] 2000 Actual Operating receipts were over budget due to the unusually warm weather and the resulting high consumption during much of 2000.

[10]2000 System Development Charges were over budget $6.5 million due to substantial continued growth in the housing market and an unbudgeted second payment of $1.1 million from Willows Water District to pay down their debt.

[11]2000 Capital Improvements were over budget $5.8 million primarily due to Gravel Pit purchases (15.1 million) partially offset by underruns of $4.0 million for construction of Reuse Plant, $1.9 million Gross Dam Gates on Outlet works and several other large projects.

[12] 2001 Actual Operating receipts were over budget due to the unusually warm weather and the resulting high consumption during much of 2001.

[13] 2001Actual Reimbursements & Grants were over budget due to settlement payment of $ 5 million for Conduit 94.

[14] 2001 Actual Bond Proceeds were over budget by $ 21.5 million as a result of selling Certificates of Participation to take advantage of favorable interest rates.

[15]Reflects change in market valuation as of the end of the year for investments at Denver Investment Advisors

SYSTEM DEVELOPMENT CHARGES AND PARTICIPATION FEES: 1973 - 2001
(CASH BASIS - NET OF REFUNDS)

	System Development Charges	Participation Receipts
2001	$ 22,186,342	$ 7,026,906
2000	25,525,391	6,392,360
1999	24,223,691	11,963,951
1998	33,155,890	8,411,534
1997	45,058,104	3,732,524
1996	15,137,300	2,913,102
1995	15,527,600	3,927,400
1994	13,535,700	2,881,800
1993	12,181,800	1,343,600
1992	10,920,300	1,198,800
1991	7,530,400	2,330,700
1990	6,615,100	1,838,700
1989	6,251,400	4,965,200
1988	6,084,600	3,067,700
1987	8,544,400	4,561,300
1973-86	149,473,600	43,647,100
	$401,951,618	$110,202,677